

A 157 Group policy paper



Rising to the challenge

How FE colleges are key to the future of HE

Authors

Mick Fletcher.

Geoff Hall, 157 Group.

John Widdowson CBE, Mixed Economy Group (MEG).

Acknowledgments

Lynne Sedgmore CBE, 157 Group.

Madeleine King, Mixed Economy Group (MEG).

Participating 157 Group member colleges.

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Foreword

The development of higher education in England is at a critical juncture. The spending review, to be announced in October 2010, is likely to identify significant reductions in the public funding available for HE teaching at a time when unprecedented numbers of people are seeking to gain access to it.



The Independent Review of Higher Education Funding and Student Finance, led by Lord Browne, is likely to recommend that individuals and employers should bear more of the cost of HE at a time when businesses and families are still feeling the full impact of the recession. The government recognises that the development of higher-level skills in the workforce is vital to our economic recovery, but there are also concerns that newly qualified graduates do not have the skills that employers value and may face a shortage of graduate-level jobs.

It is against this background that the 157 Group and the Mixed Economy Group have chosen to set out a vision for that part of higher education which is delivered in further education colleges. HE provision in FE already makes a large and distinctive contribution to the work of the sector, and we see its role as becoming more important as the nature of higher education is reshaped. The strengths of further education institutions, combining high-quality teaching with responsiveness to local employment needs, are characteristics that will become even more important as the government grapples with conflicting pressures on HE policy.

Areas of particular growth for higher education – part-time provision for those in work, for example, or programmes tailor-made for individual employers – are those where FE is already particularly strong. As the cost to individuals of accessing HE increases, locally based provision in colleges can offer a cost-effective route that can continue to widen participation to include non-traditional groups.

It is our belief that FE colleges are now central to the future direction of HE policy and we stand ready to play our part in the debates that will follow the spending review and the Browne review. We also recognise, however, that the college contribution to HE is not always widely understood and not well reported in the media. We hope, therefore, that this short paper will serve to highlight the role FE colleges currently play, and the larger role that they could take on in the future.

Frank McLoughlin CBE
Chair, 157 Group

John Widdowson CBE
Chair, Mixed Economy Group (MEG)



The 157 Group

The 157 Group is a membership organisation that represents 28 large, highly successful and regionally influential further education colleges in England. All our members are key strategic leaders in their locality, who take seriously the role of leading policy development, and improving the quality and reputation of further education.

Providing a national voice on strategy and policy for large, mostly urban colleges in England, we aim to promote change for the benefit of our members and the sector as a whole. Our members' knowledge, capability, experience and commitment brings a unique breadth and depth of expertise to bear on every aspect of further education and skills. We also work together as a peer support network, and are committed to equality and diversity.

We are actively promoting the development of a strong and world-class college sector that not only has a transformative impact on individuals, employers and their local communities, but also makes a real difference to the economic and social well-being of the nation and its global success. Together, 157 Group colleges:

- turn over £1.6 billion a year
- serve 700,000 learners
- employ 39,000 staff
- engage with 32,000 employers.

Approach

- We strive to be thoughtful, flexible and responsive; acting quickly and decisively for the benefit of our members and the sector.
- We promote the FE and skills sector as a whole. Committed to excellence and instrumental in resolving sector debates and issues, we adopt a pragmatic approach to delivering positive solutions and achieving success.
- We are bound by a strong and unanimous commitment to using our collective knowledge, capability and experience to lead policy development, improve performance and champion the reputation not only of members but also the sector as a whole.
- We seek to be critical friends and advisers to the government and shadow government, local communities and the sector itself to achieve positive outcomes for communities, employers, businesses and individuals.
- We work with fellow 157 Group members, sharing expertise, ideas and resources.

Policy role

Our member colleges operate within a complex and volatile policy environment, and our objective as thought leaders is to exert powerful influence on critical policy priorities.

Our policy and discussion papers draw on and reflect the practical experience of 157 Group member colleges. The themes, developed over a series of debates, represent the areas of greatest concern for them as leaders of some of the largest and most successful colleges. The following policy papers are available to download from our website:

- Protect services to students, by targeting cuts and embracing efficiency
- Real choices for 14 to 19-year-olds
- Preparing colleges for the future
- Learning and skills needs local leadership
- Strong colleges build strong communities
- Making the QCF work for learners
- Colleges' international contribution.

Through these papers we seek to:

- contribute a new, strong and relevant perspective, influencing national policy through offering workable and practical policy ideas
- focus our recommendations on changes that can bring improvements for learners, stakeholders, colleges and the whole sector
- raise the level of debate and discussion across the sector
- recommend improvements that can be made by colleges themselves and the sector
- raise awareness amongst sector agencies of their own roles.

Members

- Barnet College
- Bedford College
- Birmingham Metropolitan College
- Bournemouth and Poole College
- Chichester College
- City and Islington College
- City of Bristol College
- City of Sunderland College
- College of Haringey, Enfield and North East London
- Cornwall College
- Derby College
- Ealing, Hammersmith and West London College
- Highbury College Portsmouth
- Hull College
- Lambeth College
- Leeds City College
- Lewisham College
- Newcastle College
- Newham College
- New College Nottingham
- St Helens College
- Stoke on Trent College
- Sussex Downs College
- The Manchester College
- The Sheffield College
- Warwickshire College
- West Nottinghamshire College
- York College.



The Mixed Economy Group of colleges

The Mixed Economy Group of colleges, known as MEG, represents those further education colleges that have a significant, established, strategic and developmental role in the provision of higher education. It came into existence 20 years ago.

Membership of MEG is open to those FE colleges that have a sustained level of HE activity of 500 full-time equivalents, whether directly or indirectly funded by the Higher Education Funding Council for England (HEFCE). Member colleges are found in all regions, but most are located in the north-west, north-east and the Midlands. While the majority of their students are local to the immediate area, the specialist nature of some colleges means that many students live some distance away. In this respect, the MEG group operates at a regional level.

Nearly half the member colleges have more than 1,000 HE students: not surprisingly, this combination of critical mass and experience has positioned MEG as the lead organisation in the development of policy concerning HE in FE.

Approach

Member colleges focus on the complementary aims of widening participation amongst groups and individuals currently under-represented in higher education and working with employers to ensure that higher-level skills are developed and recognised in the workplace.

MEG is committed to:

- promoting the value of vocational higher education in raising the aspirations of individuals and meeting the skills needs of the economy
- influencing the development of national policy with regards to HE delivered in FE
- using foundation degree awarding powers (FDAP) as a vehicle to continue to raise the high standard of HE delivered in FE, through focused scholarly activity and organisational change
- supporting member colleges in the strategic development and delivery of HE in FE
- working in partnership with other organisations to develop and deliver high-quality, innovative approaches to higher education
- sharing good practice
- seeking and implementing new markets with employers for the development of higher-level skills within the locality
- widening participation amongst groups currently under-represented in higher education.

Policy role

MEG is uniquely representative of HE delivered in FE in so far as it does so directly to HEFCE, the Department for Business, Innovation and Skills (BIS), the Quality Assurance Agency for Higher Education (QAA) and so forth, rather than via a higher education institution (HEI) partner.

We work collaboratively with the Association of Colleges (AoC), with whom we have an overlapping agenda for change, and we share many common approaches with GuildHE and the Association for Collaborative Provision of HE in FE in England (ACP). However, our distinguishing feature is our ability to lobby directly to ministers or officials rather than through the offices of a partner HEI.

MEG colleges are committed to meeting the further education needs of their communities and to widening participation in HE: as a result, we work closely with all funding bodies and seek to reflect their respective targets and priorities. This duality of purpose gives us a unique perspective on the higher-level skill needs of employers and the widening participation agenda.

Members

- Blackburn College / East Lancaster
- Blackpool and The Fylde College
- Bournemouth and Poole College
- Bradford College
- City College Norwich
- City of Sunderland College
- Cleveland College of Art and Design
- Colchester Institute
- Croydon College
- Farnborough College of Technology
- Gloucestershire College
- Grimsby Institute of Further and Higher Education
- Guildford College
- Hadlow College
- Hartpury College
- Havering College
- Hull College
- Institute of Higher Education
- Leeds City College
- Nescot (North East Surrey College of Technology)
- New College Durham
- New College Nottingham
- Newcastle College
- Northbrook College
- Solihull College
- Somerset College of Arts and Technology
- South East Essex College of Further and Higher Education
- South Tyneside College
- St Helens College
- Stockport College of Further and Higher Education
- The Manchester College
- Warwickshire College
- Weston College
- Wigan and Leigh College
- Worcester College of Technology.



Rising to the challenge: how FE colleges are key to the future of HE

Summary

The 157 Group is drawn from those of the larger colleges in England that are also acknowledged by inspectors as being particularly well managed and governed. They are typically responsible for budgets in excess of £35 million a year, with the largest budgets being over £150 million. Most colleges in the group provide higher education alongside further education courses, so that all those who wish it have the chance to progress as far as their talents can take them in their own community. The Mixed Economy Group (MEG) comprises more than 30 FE colleges with a significant proportion of higher education work. Many are also 157 Group members.

The two groups believe that:

- FE colleges play a major, if under-reported role in delivering higher education in England. One in eight undergraduates studies for their degree in FE; colleges attract a large proportion of all adult and part-time students.
- The FE offer complements that of universities and has particular strengths. It is based on strong links with local employers and offers progression to HE from vocational programmes. It attracts many students from backgrounds with historically low rates of participation in HE, and for many represents their only practical opportunity to participate.
- HE provision in FE colleges is also very cost-effective, both for individuals and for the government. It allows students to live at home, which many prefer. A high proportion of students in FE are employed, and therefore do not require maintenance support.
- FE colleges concentrate on teaching and learning, and typically HE students in FE are taught for more hours a week than those in universities. This is reflected in very high rates of reported student satisfaction.
- The excellence of UK universities derives in large part from their operational autonomy. It is good that the new government is seeking to extend self-regulation in further education, where it should similarly help raise quality and responsiveness.

- HE in FE can take the lead in providing the higher-level skills increasingly seen as key to economic success. Colleges have a long tradition of working closely with employers and tailoring programmes to meet their needs.
- FE colleges can also help make a success of the proposed professional apprenticeship programmes. Colleges are ideally placed to support and encourage progression from lower-level vocational programmes to degree-level work.
- HE in FE is a distinctive part of HE, offering a real alternative to traditional programmes and modes of attendance. It needs to be part of a long-term vision, rather than a mechanism to cope with peaks and troughs in demand. This argues for an increase in directly funded provision rather than indirect funding through franchises from universities.
- Moving to more directly funded provision will allow colleges to deploy even more resources to teaching and learning. Many colleges believe that it would be more cost-effective for them to carry out quality control and validation functions themselves, rather than having to subcontract this to universities, thereby releasing extra resources for learning.
- Individual colleges are showing how further and higher education provision can be closely integrated, to the benefit of students and employers. Increasing the supply of higher-level skills in a cost-effective manner will increasingly depend on such integration.
- The larger providers of HE in FE will increasingly seek the foundation degree-awarding powers available to them under the 2007 Act, to allow them to align their curriculum more effectively with the requirements of employers and the economy. Where HE in FE provision is of smaller scale, colleges should have the ability to work in close collaboration or lead formal consortium arrangements to respond to local or specialised need.
- Restrictions on the ability of the Higher Education Funding Council for England (HEFCE) to fund units or modules of courses rather than whole qualifications, which often meet the specific needs of local employers better than whole qualifications, need to be eased.

Introduction

1. The 157 Group brings together leaders from some of the largest and best-run English further education colleges to contribute to policy development, exchange good practice and sponsor joint management initiatives. MEG represents the interests of over 30 member colleges whose higher education represents a significant proportion of their curriculum offer.
2. Colleges provide a vital element of the educational system, offering a majority of the A-level provision in the country, as well as being the major supplier of vocational qualifications to 16 to 18-year-olds, and contributing to higher education in a manner that is local, skills-based and cost-effective. The FE sector meets the needs of several million adults, and is a major contributor to workplace training, basic skills courses and apprenticeship programmes.
3. Colleges also have a social mission in working with young people not in employment, education or training (Neet), and supporting increased flexibility for school students in key stage 4. They offer additional support to those with learning difficulties or disabilities to enable them to learn without having to leave their local communities. They assist the integration of those recently arrived in the country by teaching English to speakers of other languages.
4. The purpose of this paper is to highlight that FE colleges are central to the future direction of HE policy and to signal our readiness to play our part in the debates that will follow the spending review and the Browne review. It also aims to address the fact that the college contribution to HE is not always widely understood and not well reported in the media.

HE provision in colleges

FE colleges provide a large proportion of English HE

5. FE colleges are major providers of higher education. Over 150,000 students follow HE programmes in further education settings each year – around one in eight of the total undergraduate population. Almost two-thirds of them are mature students, over the age of 21. Unlike universities, which are dominated by full-time undergraduates, numbers in FE are equally divided between those on full and part-time routes.
6. Almost all general FE colleges and some sixth-form colleges offer HE programmes, though the numbers of students differ greatly. Around 20 colleges have over 1,000 full-time equivalent HE students; at the other extreme, some specialist institutions have fewer than 50 full-time equivalents (FTEs). Some colleges, such as Newcastle College, receive more funding from HEFCE than the smallest universities.

Colleges make a distinctive contribution to HE

7. It is widely acknowledged that FE colleges make a distinctive contribution to higher education. HEFCE,¹ for example, states:

HE in FECs is already a distinctive part of the HE system. While it is dangerous to over-generalise about a diverse system, HE students in FECs are more likely to be over 25, more likely to study part-time, and more likely to come from areas with low rates of participation in HE than students in HEIs. They are more likely to be studying foundation degrees and sub-degree programmes such as HNCs and HNDs.

8. Cristofoli and Watts² emphasise the importance of the FE route to non-traditional students:

The ‘non-traditional’ students of the wider HE sector are often the traditional students of the FE sector. They are the widening participation students the government wants to encourage into HE but their social, economic and educational backgrounds are likely to steer them away from the more traditional forms of HE delivered through universities ... many of these students rely upon the FE sector for access to HE: the FE colleges are not a last resort but a first choice.

9. FE colleges are distinctive in the breadth and depth of their links with industry and this feature characterises their HE offer. A recent report for the Learning and Skills Improvement Service (LSIS)³ confirms that:

One of the distinguishing features of HE in FE is the close collaboration with employers in the design and delivery of relevant vocational programmes.

The same report refers to colleges as being “fleet of foot” in responding to employer needs, which are often highly specific to a sector or area.

1 Paragraph 32, HEFCE 2006/48.

2 Cristofoli and Watts. *The role of regional FE colleges in delivering HE in the East of England*. ACER.

3 LSIS, 2010. *Strategic Options, Operational Challenges. A study of HE delivered in an FE setting*.

Colleges offer cost-effective provision

10. FE colleges offer individuals a cost-effective way of accessing HE provision. In many large towns, such as Blackburn or Mansfield, there is no university and without the local college, individuals would have to move away from home or spend hours travelling. While some young people enjoy the idea of moving away for HE, there are others for whom it is not practical or affordable. Some have family commitments; others cannot afford to leave their job. Some, without family experience of HE, might find the need to leave their friends and community to take up a place a step too far. Colleges offer a local solution, so that people can combine work and higher education.
11. The provision of locally based HE can be cost-effective for the taxpayer as well as the student. Part-time students in employment, who make up a large proportion of those studying HE in FE, do not require the same level of maintenance support as full-time undergraduates currently enjoy.

Colleges look to self-regulation to improve quality

12. The UK higher education sector is acknowledged as being world-class in terms of both its efficiency and the quality of its teaching and research. This is in part due to its relative freedom from regulation and the ability of institutions to set their own priorities. HE delivered in FE colleges has benefited from the greater freedom it enjoys compared to FE provision for adults, which has enabled a more flexible response to the needs of employers and students.
13. It is good that the government has acknowledged the need to move to greater self-regulation in the FE sector, and we are confident that this will similarly result in increased responsiveness and quality. We welcome, for example, the move to allow FE colleges the power to award foundation degrees. As colleges gain greater experience of developing and delivering HE programmes, we see the need for them to rely on franchise agreements with universities to safeguard quality as increasingly unnecessary.
14. A move towards direct funding, which is already the norm in over 100 colleges, would enable more resource to be directed towards the front line. Universities normally top-slice between 20 per cent and 30 per cent of teaching funds in a franchise agreement. While directly funded colleges would need to invest more in their own quality assurance arrangements, they would be unlikely to consume this proportion of total funding.
15. There are other elements of the HE regime that might be applied to adult FE with good effect. The 157 Group is keen, for example, for colleges to develop awarding body powers for work at level 3 and below, which we believe would increase responsiveness and cost-effectiveness. The group would also like to see the principle of no upfront fees extended to adults on full-time FE programmes, perhaps using the vehicle of individual learning accounts.

Colleges deliver higher-level skills

16. FE colleges are well-placed to respond to the new HE agenda, which emphasises a growth in non-traditional forms of higher education and a closer articulation with the world of employment. In its white paper, *Skills for Growth*, the government stated:

As set out in our framework for higher education, we will expand new types of higher education programmes that widen opportunities for flexible study for young people and adults. This will include part-time and workplace-based courses, and the expansion of foundation degrees which are vocational degrees completed in two years designed jointly between employers and higher education. There will be an important role for further education colleges, as well as for universities in such provision, including through greater partnerships between universities and further education colleges.

17. Developing new provision of this type will help generate new demand for HE from those on vocational programmes. Increasing numbers are expected to complete apprenticeships with the qualifications and skills needed to enter an HE programme. It seems unlikely, however, that having been employed and grown accustomed to earning a wage many will want to return to a conventional student status needing to take out a loan to support themselves. Their progression is likely to depend on the capacity of colleges to broker arrangements for a new model of professional apprenticeships, combining continued employment with higher-level study.
18. The development of new programmes, however, requires investment and a stable planning environment. Some of the funding could come from HEFCE, though this seems unlikely, given that support for foundation degrees is to be cut. Some might be released by the Skills Funding Agency (SFA) re-prioritising funding from Train to Gain, though there is also a need for re-investment in FE programmes. Perhaps 16-18 apprenticeships, whereby SFA manages funds provided by the Department for Education (DfE), provides a model; SFA could allocate a dedicated sum for professional apprenticeships to be managed by HEFCE.

Colleges need a stable planning environment

19. The development of college-based provision needs to be seen as part of an overall strategy for a differentiated HE sector; not simply as a means of coping with peaks and troughs in demand for universities. Unfortunately, there is evidence that when universities are under pressure they often look to change their franchise agreements in order to balance the books. This is one reason why we look to an increased use of direct funding from HEFCE in order to allow colleges to plan with greater confidence.
20. The development of a high-quality vocational route into and through higher education needs to be planned in an integrated fashion. There is little point in developing HE programmes that can be accessed by apprentices if the demand for them is not there; equally there is no point in raising expectations and aspirations at level 3 if there is no suitable provision for potential students to access. In the short term at least, effective progression opportunities are likely to be local and specific, and probably best handled within an individual college.
21. This need for integration of planning argues for closer links between the funding of provision for adults in FE and adults in HE. This might be achieved through a merger of SFA and HEFCE as suggested by the Liberal Democrats⁴ or by a common approach to vocational provision. A light-touch system of regulation and planning, as applied by HEFCE, would benefit provision for adults at all levels.
22. A reduction in the number of bodies concerned with funding FE could also achieve savings without damaging front-line provision. In addition to receiving funding from SFA and HEFCE, colleges receive a large proportion of their funding from the Young People's Learning Agency (YPLA) and local authorities; most also receive funds from the Department for Work and Pensions (DWP), as well as a range of other sources. A rationalisation of intermediary bodies is urgently needed.

4 "We would create a Council for Adult Skills and Higher Education (CASHE) with responsibility for all post-19 education and skills funding." *Investing in talent – Building the economy*. Liberal Democrats, 2010

Conclusions

23. The FE sector makes a large, distinctive and valuable contribution to the provision of HE in England. It has particular strengths in programmes that are vocational, closely linked to the priorities of employers and reflective of the needs of local economies.
24. HE delivered through FE colleges is also effective at widening participation. It offers progression opportunities for those on vocational and work-based programmes and allows people to access higher education without having to leave their job or their community.
25. These strengths mean that FE colleges are ideally placed to deliver the new HE agenda, which emphasises a diversity of routes and a focus on employability. They can take the lead in increasing the supply of technician-level skills that have been identified as a key requirement for sustained economic growth.
26. At a time of severe financial restraint, however, colleges need a more stable planning environment if they are to invest in developing innovative programmes. Their contribution needs to be seen as a crucial component of a diversified HE system, supported by a dedicated funding stream. It also argues for a progressive shift towards more direct funding of college programmes rather than franchised provision.
27. If colleges are to respond effectively to the demands of employers for support with higher-level skills, they need to be able to offer individual units of qualifications as well as whole qualifications. Restrictions on the funding of units need to be relaxed, as does the arbitrary distinction between prescribed and non-prescribed HE.
28. The closer integration of further and higher education provision would be aided by closer working between the two funding councils currently responsible for the education of adults in England. A reduction in the number of intermediary bodies concerned with further education would also be a source of savings that would not impact adversely on students.



“The ‘non-traditional’ students of the wider HE sector are often the traditional students of the FE sector. They are the widening participation students the government wants to encourage into HE but their social, economic and educational backgrounds are likely to steer them away from the more traditional forms of HE delivered through universities ... many of these students rely upon the FE sector for access to HE: the FE colleges are not a last resort but a first choice.”

Cristofoli and Watts. *The role of regional FE colleges in delivering HE in the East of England.*

Colleges provide a vital element of the educational system, offering a majority of the A-level provision in the country, as well as being the major supplier of vocational qualifications to 16 to 18-year-olds, and contributing to higher education in a manner that is local, skills-based and cost-effective. The FE sector meets the needs of several million adults, and is a major contributor to workplace training, basic skills courses and apprenticeship programmes.

Contact us

The 157 Group Limited
P O Box 58147
London
SW8 9AF

www.157group.co.uk
info@157group.co.uk

Chair

Frank McLoughlin CBE
Principal, City and Islington College

Executive director

Lynne Sedgmore CBE

Our patrons

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