
HIGHER EDUCATION IN FURTHER EDUCATION COLLEGES CONSULTATION

19 March 2004

Ref: W04/17HE

To: Heads of further and higher education institutions in Wales

Summary: This circular seeks views on possible future arrangements for the delivery of higher education in further education colleges.

Response by: 30 April 2004

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INTRODUCTION

- 1 This circular seeks views on possible future arrangements for the delivery of higher education (HE) in further education (FE) colleges.

BACKGROUND

- 2 During 2003 the Council commissioned KPMG to undertake an evaluation of relations between higher education institutions (HEIs) and further education colleges (FECs) in Wales. In particular, KPMG were asked to consider, and make recommendations on, HE offered in FECs and the partnerships which operate between higher and further education institutions for the delivery of that provision.
- 3 While the evaluation officially commenced in June 2003, the bulk of the work was undertaken during the autumn of 2003. It included data analysis, questionnaires to all institutions in the HE and FE sectors, visits to selected HE and FE institutions and interviews with other interested organisations and bodies. The consultants' final report was submitted to the Council in January 2004. A copy of the report accompanies this circular.

COUNCIL ACTIONS

- 4 Future Council policy on HE in FE in Wales needs to be set in the context of contributing to the achievement of the Welsh Assembly Government's targets for higher education in Wales by 2010, as set out in *Reaching Higher*. Widening access is a key priority but other targets such as making Wales a destination of first choice for a majority of learners in Wales, developing links between HE and other providers in innovative ways to ensure the availability of seamless and progressive routes to continuous learning and increasing opportunities for Welsh medium study are also relevant considerations in the development of HE in FE.
- 5 The KPMG report contributes to a discussion of these issues. In addition, the Council is considering whether an improved understanding can be obtained of some of the issues raised in the report, including:
 - (i) student achievement in HE in FE provision, and its value in widening participation relative to HEIs, through further investigation of available data and any recent research which may have been undertaken;
 - (ii) current FE/HE links on a broader canvas by mapping progression routes at subject level from FE (post-16 provision) to HE level, identifying the HE provider (FEC or HEI). Discussions on how this work might be progressed will be held with colleagues in the National Council and other appropriate organisations, such as Careers Wales, and taking account of the Assembly's current work on 14 – 19 Learning Pathways.
- 6 Following on from the evaluation, the Council also wishes to consult the HE and FE sectors on possible future approaches to HE in FE in the light of the conclusions and recommendations in KPMG's report.

ISSUES FOR CONSULTATION

- 7 Drawing on the conclusions and recommendations set out in Chapter 6 of the KPMG report, the main issues on which the Council wishes to consult are set out in the following sections:

(i) Franchised or directly-funded provision

- 8 The report proposes that consideration be given to undertaking an evaluation of the effectiveness and efficiency of the various models of HE provision to assess their relative potential in achieving the widening access objective. However, as far as HE in FE provision is specifically concerned, the report favours franchised provision through HE institutions as the method of delivery rather than the direct funding of FECs by the Council, certainly as far as any potential future expansion might be concerned. The basis for this conclusion broadly derives from the level of support which the HE institution can provide to the FEC under franchise arrangements in terms of administration, staff development, curriculum, quality assurance and the benefits to the student in terms of access to the facilities of the HE institution and potential progression arrangements.

Do institutions agree that, for the reasons given in the report, any further expansion of HE in FE provision should be undertaken on a franchise basis?

- 9 The steer towards franchise provision may have implications for existing directly-funded provision. For the directly-funded provision which was established under the two phases of the Council's earlier HE in FE Colleges Initiative, it was a condition of the scheme that there would be a partnership with an HE institution, so that a certain level of support could be provided to the FEC, including for quality assurance. Some directly-funded courses already existed at Coleg Llandrillo and Coleg Sir Gâr. There are often quite strong relationships with an HE partner, particularly where the HE institution is responsible for the validation and award of qualifications. Under the Council's revised arrangements for quality assurance there is an expectation that the small amount of directly-funded provision where quality assurance may not be covered by a partnership with a HE institution will become part of such arrangements in future (*Circular W03/08HE, Higher Education Quality Assurance Framework and Standards for Wales*).

In the light of the above, should there be any strengthening of the partnerships between FECs and HEIs for existing directly-funded provision, so that there can be seen to be a greater consistency between the HEI support which an FEC and its students receive compared with franchise provision?

- 10 If the Council adopts the approach that any further expansion of HE provision in FECs should take place through the franchise route, those FECs which received direct funding for provision for the first time under the HE in FE initiative will be limited to these very small portfolios of existing directly-funded provision. There could therefore be implications for this provision, its future viability and ability to meet student expectations.

What would be the implications for existing small portfolios of directly-funded provision, if any future expansion is through franchising? Should FECs have the options to transfer the provision to franchise arrangements and how might this be achieved?

(ii) Franchising arrangements

- 11 Franchising arrangements are negotiated individually between HE and FE institutions. As the KPMG report notes, this has led to a considerable variety in the levels and types of services provided to the FECs. It further notes that the basis on which the HE institution's retention of funding is calculated is unclear and that a proportion at least of the widening access premium is not necessarily passed on to the FEC for those of its students who qualify for the premium. Additionally, existing franchise arrangements do not provide a sufficient level of financial security for HE and FE institutions concerned.
- 12 The report makes a number of recommendations based on the issues identified above. Franchising arrangements should be developed in such a way as to provide an acceptable degree of security to the HEI and the FEC. Greater transparency should be introduced into franchising arrangements such that FECs can compare the services they receive from an HEI with the costs involved. There should be a concept of a fair level of retention of funding by the

HEI, and a study is suggested to establish what might be fair level for a particular service to an FEC. Consideration should be given to passing some element of the widening access premium to the FEC to reflect the additional costs involved in teaching and supporting students from disadvantaged communities. (This consideration should apply equally to other premiums, such as for disabled students and Welsh medium provision.) There should also be an understanding of the support provided by the HEI for the proportion of the premium which it retains.

- 13 The Higher Education Funding Council for England published a *Review of indirect funding agreements and arrangements between higher education institutions and further education colleges* in December 2003 (2003/57). This report, as well as an earlier report on codes of practice for franchise and consortia arrangements for higher education in further education colleges (HEFCE Report 00/54), may be helpful in determining what would be appropriate in a Welsh context.
- 14 Some examples of the topics guidance on franchising arrangements might include are: the expectation of minimum standards for services provided; planning periods and periods of notice by either party before altering arrangements; transparent and soundly-based costings which recognise the input required of both parties; and appropriate sharing of risk between the parties.

If guidance were provided to improve the transparency, fairness and security of franchise arrangements, what form might this take?

(iii) Local partnerships

- 15 The report concludes that existing franchise arrangements between HEIs and FECs are not necessarily optimal and that there is clearly potential for greater focus on local partnerships. It recommends therefore that collaborative arrangements between FECs and their local HEI should be encouraged, but not to the extent that they reduce student choice or jeopardise effective working relationships. It is important to emphasise that collaboration should be seen as a means to an end and not an end in itself.

Under what circumstances and criteria should the Council place a greater focus on local partnerships for the delivery of HE provision in FE colleges?

(iv) Centres of Excellence

- 16 Another model which the report suggests may be appropriate in some circumstances is through the development of a centre of excellence model whereby one HE institution acts as the centre of excellence throughout Wales for the franchising of a specific curriculum area. However, the choice of provider is unlikely to be straightforward as there will be few curriculum areas where a potential franchiser might be the sole provider of the provision concerned within Wales.

What would be the advantages and disadvantages of a "centre of excellence" model?

How would appropriate curriculum areas be chosen and what criteria might be used to determine the HE provider?

(v) Expansion of HE delivered through FE colleges

- 17 The report recognises that any expansion of HE in FE through the franchising route would almost certainly require additional levels of HE funding, which would be passed on, in some way, to HEIs on the basis that its use is earmarked for HE in FE. Associated with any such expansion is seen a need for improvements in the planning of HE in FE among HEIs, FECs and the Council. This could involve clusters of HEIs and FECs working together to identify bids for increased HE in FE provision.

- 18 There are a number of mechanisms through which funding for the expansion of HE in FE, including through the award of additional funded student numbers, might be allocated. For example, it could be allocated in some way through the existing teaching funding method on the understanding that it would be earmarked for franchise provision, or released on the submission of specific plans for franchise development. Alternatively, the Council could seek proposals from HE/FE partnerships or consortia for the development and delivery of provision which would be considered as part of a competitive exercise. There may be potential to use institutional relationships already developed through the *Reaching Wider* partnerships.

What mechanisms could the Council use for allocating additional funding for any development of HE in FE?

(vi) Other issues

Foundation Degrees

- 19 During 2001 the Council distributed a limited amount of earmarked development funding for Foundation Degrees made available by the Welsh Assembly Government. It has not received any further policy directions from the Assembly Government for the expansion of foundation degrees. Decisions on the extent to which they wish to develop and offer foundation degrees as part of their portfolios within existing funded student numbers have therefore been for institutions themselves to make. In England, however, foundation degrees through the HE in FE route are now being taken forward as a significant contributor to English targets for increased participation.

What role could FE colleges play in the further development of Foundation Degrees in Wales?

Other forms of partnership

- 20 Although not dealt with in any detail in the report, the Council would welcome views on other forms of partnership between HE and FE institutions, such as merger, distance-learning and e-learning which might further the aims of providing locally-available initial higher education opportunities and increased participation, as well as potential for further progression in higher education. It would also welcome views on the contribution which the *Reaching Wider* partnerships might make in the context of the development of HE provision in FECs.

What other forms of partnership might be fostered or developed between higher and further education institutions?

General comments

- 21 The Council would welcome any other comments which respondents wish to make on other aspects of the KPMG report.

RESPONSES

- 22 Responses should be sent to Lisa Barry, Higher Education Funding Council for Wales, Linden Court, The Orchards, Ilex Close, Llanishen, Cardiff CF14 5DZ by **Friday 30 April 2004**.