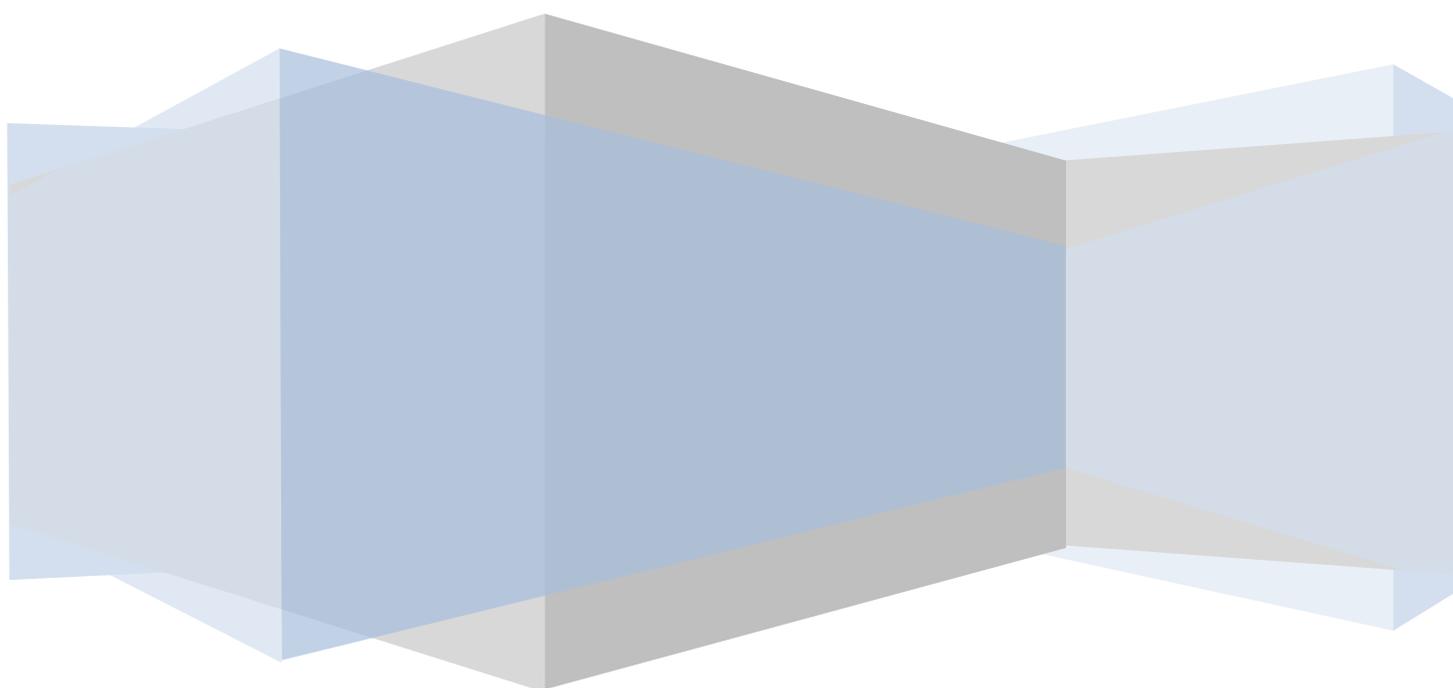


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# Costing study of two-year accelerated honours degrees

Report to HEFCE by Liz Hart Associates

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<b>CONTENTS</b>	<b>PAGE</b>
Acknowledgements	2
1. Executive summary	3
2. Background and study plan	5
3. Overview of methodology	7
4. Findings of the cost impact analysis	11
5. Financial analysis	13
6. Cost comparison	18
7. Additional issues	28
8. Conclusions and recommendations	31
<b>Appendices</b>	
Appendix 1: Financial detail (definition of terms)	34
Appendix 2: Interviewee list	36
Appendix 3: Cost impact analysis tables	37
Appendix 4: Detailed commentary on the cost impact analysis	42
<b>List of Tables</b>	
Table 1: Analysis of information from the interviews and documents	38
Table 2: Calculation of three-year degree cost using TRAC(T) data	19
Table 3: Derivation of weightings applied to cost headings	20
Table 4: Cost comparison of two and three-year degrees (Business)	22
Table 5: Cost comparison of two and three-year degrees (Law)	23
Table 6: Illustrative model at institutional level	26

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## 1. Executive summary

1.1 This study builds on the outcomes of the HEFCE-funded Flexible Learning Pathfinder Project<sup>1</sup> (subsequently referred to in this report as the Pathfinder Project) through a consideration of the costs to higher education institutions (HEIs) of delivering two-year accelerated honours degrees. The study had two key objectives:

- To provide evidence of the impact of two-year accelerated honours degrees on course costs
- To make comparisons with the costs of comparable degrees delivered through the traditional three-year route;

and, in addition, the study was to consider any barriers to the possibility of expansion of two-year accelerated honours degrees.

1.2 The results of this work clearly showed there was little quantitative data available to the study other than that provided by HEFCE through the TRAC (Transparent Approach to Costing) returns, specifically TRAC(T) (TRAC for Teaching). However, a substantial amount of qualitative information and data were acquired in relation to the impact of two-year accelerated honours degrees on course costs. These were used in combination with TRAC(T) data to produce indicative additional cost estimates for two-year accelerated honours degrees in two subject areas (Law, and Business and Management Studies).

1.3 The analytical element of the study followed four basic steps:

(i) The costs of a three-year honours degree were established using available published data. The annual TRAC(T) costing exercise provides benchmark data across forty-one academic cost centres, which are expressed as Subject-FACTS (Subject-related Full Average Costs of Teaching a HEFCE-fundable Student), and proved to be a valid proxy for the costs of the three-year degree.

(ii) The total degree costs were sub-analysed into major cost headings that were consistent with both the published data and the output from the study.

(iii) For each cost heading the relative additional cost impact for delivering two-year accelerated honours degrees was established. This range of additional cost estimates was derived from the available qualitative information outlined in the Findings of the cost impact analysis.

(iv) Using the results from (i) and (ii) as the base, and applying the range of indicative additional cost estimates established in (iii), the cost of the two-year accelerated honours degree was then calculated.

(Definitions of terms such as TRAC, TRAC(T) and Subject-FACTS can be found in Appendix 1: Financial detail, page 34).

1.4 The cost comparisons in the study show that, on an indicative basis, the cost of the two-year accelerated degree could be between 71 per cent and 74 per cent of the equivalent three-year degree. However, to realise these cost savings, institutions would need to consider changes in institutional procedures, processes and perceptions, which are currently generally aligned with the structure of the three-year degree.

1.5 To further examine and evaluate these findings, indicative institutional scenario modelling was undertaken using the full cost absorption model (defined in Appendix 1: Financial detail, page 34). This modelling examines the impact of a 50:50 split between

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<sup>1</sup> <http://www.hefce.ac.uk/learning/flexible/>

three-year and two-year honours degrees on an institution in one subject area. The modelling indicated that realisation of the cost savings for two-year accelerated honours degrees would be challenging for institutions. This is partly due to institutional perceptions, culture and processes, and partly to other factors such as the current student number controls in operation.

1.6 The indicative cost comparisons and institutional modelling in this study clearly show the *potential* for cost savings represented by two-year accelerated honours degrees. However, the realisation of these savings presents further challenges for institutions and the study makes recommendations to HEFCE as to how some of these might be addressed. It should be noted that such savings cannot necessarily be made without these further changes and that the subject mix and sample size used in this study was limited, thus care is needed in extrapolating too widely from these findings.

## 2. Background and study plan

2.1 The Government White Paper, "The Future of Higher Education" (2003)<sup>2</sup>, highlighted the need for greater flexibility to meet the changing needs of students. This included a proposal to pilot accelerated honours degree programmes. Subsequently, through their Strategic Development Fund (SDF), HEFCE provided support to institutions to pilot and evaluate flexible modes of delivery including two-year accelerated honours degrees. This initiative is known as the Flexible Learning Pathfinders (referred to in the study as the Pathfinder Project) and included other forms of flexibility such as extended honours degrees delivered over four years, work-based learning and flexibly delivered foundation degrees. The two-year accelerated honours degree followed a model whereby the same content and curriculum as a three-year degree is delivered intensively over two years. In most of the pathfinder institutions, the degree utilises the traditional summer holiday periods for teaching and self-directed study.

2.2 The Pathfinder Project funded eight HEIs over the period of the project: Anglia Ruskin University, the University of Derby, the University of Gloucestershire, the University of Kent, Leeds Metropolitan University, the University of Northampton, the University of Plymouth and Staffordshire University. Of the eight pathfinder institutions, seven piloted two-year accelerated honours degrees. The first five pathfinder pilots were funded from 2005-06 to 2007-08, and three additional pilots from 2007-08 to 2009-10. In 2008-2009, the total number of students studying for two-year accelerated honours degrees was 390 across the seven institutions. Of these, 235 entered institutions in 2008-2009. There is a relatively wide subject range within the programmes, although the majority of students are studying Business and Management Studies.

2.3 This study builds on the outcomes of the Pathfinder Project through a consideration of the costs to HEIs of delivering two-year accelerated honours degrees. It seeks to provide evidence to enable a consideration of the possibility of further expansion of the provision of two-year accelerated honours degrees and to assist in understanding any barriers to this expansion. Within this context, there were two key objectives:

- To provide evidence of the impact of two-year accelerated honours degrees on course costs.
- To make comparisons with the cost of comparable degrees delivered through the traditional three-year route.

2.4 The study plan consisted of three phases:

- Phase 1: Discovery
- Phase 2: Evaluation and outline of preliminary findings
- Phase 3: Final report.

### Phase 1: Discovery

2.5 This included establishing effective contact with the seven institutions piloting two-year accelerated honours degrees and then being able to arrange meetings or telephone calls with relevant staff. These staff included:

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<sup>2</sup><http://webarchive.nationalarchives.gov.uk/20100210151716/dcsf.gov.uk/hegateway/uploads/white%20paper.pdf>

- Project managers from the seven universities piloting two-year accelerated honours degrees
- Senior staff at institutions with strategic responsibility for flexible learning initiatives
- Academic staff delivering the degrees, particularly course leaders
- Any institutional research staff evaluating flexible learning and learning development
- Relevant professional support and administrative staff
- Accountants with institutional responsibility for the delivery of TRAC and HESA (Higher Education Statistics Agency) data.

2.6 This phase also included a detailed review of the institutions' interim and final project reports to derive an understanding of how, in practice, the different institutions had approached the delivery of these degrees.

2.7 To enable an understanding of the resources involved, a course lifecycle (as described in paragraph 3.2) was established. Information from the interviews with staff and from the document analysis was recorded against the lifecycle headings. Interviews commenced on 16 June 2010, with the last interviews conducted on 21 July.

### **Phase 2: Evaluation**

2.8 The study planned to run Phase 1: Discovery in parallel with Phase 2: Evaluation. Recorded information was evaluated on an ongoing basis during June and July. Over this period it became clear that there was limited quantitative data available. The study therefore concentrated on obtaining as much information as possible from the interviews and documentary analysis, which produced a substantial amount of consistent qualitative information concerning cost and cost-related issues.

2.9 Following the discovery that there was no substantive quantitative data available, consideration was given to the use of data provided by HEFCE through the TRAC returns, specifically TRAC(T). It was considered that TRAC(T) could produce appropriate data for use in the study.

2.10 One key issue at this point in the study was to establish clear and defined links between the terms used in the course lifecycle to organise the qualitative data from the interviews and document analysis and those which were derived from TRAC(T) as the major cost headings. A template showing the established links is provided in the Overview of methodology section on page 7.

2.11 In the financial analysis and comparative studies, TRAC(T) data was used in combination with the substantial qualitative information that provided indicative additional cost estimates in relation to the delivery of two-year accelerated honours degrees. A summary discussion on this qualitative element of the study can be found in the Findings of the cost impact analysis on page 11.

### **Phase 3: Final report**

2.12 The report provides an account of the methodology and outcomes of the study and a series of conclusions and recommendations.

### **3. Overview of methodology**

3.1 The study approach has been pragmatic, taking into account both the proposed timescales for the study and the acknowledged potential lack of robust quantitative data of adequate quality from contributors. Throughout the study, TRAC definitions and methods have been applied as far as possible, recognising that TRAC represents the key discipline behind most accepted methods of costing in higher education.

3.2 In order to understand the consumption of resources, a three-phase course lifecycle was employed in the study:

- Planning and development (excluding any development funding from HEFCE)
- Investment (for maintenance)
- Delivery and operations.

#### **Overview of the course lifecycle used in the cost impact analysis**

3.3 The three phases outlined above were further divided to provide a more defined structure for the cost impact analysis. This is outlined below. A final section on Sustainability has also been added, as this was considered to be of key importance to the study in relation to a potential increase in two-year accelerated degrees.

##### **Planning and development**

- Establishing and confirming policy and principles (including amendment of institutional and quality policies and required changes to institutional strategies)
- Degree structure and design (module creation, development or transfer to new modes of delivery)
- Market research
- Impacts on institutional infrastructure (such as records and systems, facilities etc).

##### **Investment (ongoing and periodic maintenance)**

- Marketing and promotion
- Educational materials (modules updating and maintenance, minor changes to course delivery)
- Institutional administration (including institutional systems, records and data)
- Estates and facilities (including catering)
- Student resources and support (including library, IT, student support services).

##### **Delivery and operations**

- Academic activities (including delivery and other duties)
- Institutional administration (including academic calendar; timetabling; learning space availability)
- Estates and facilities (including catering, accommodation)
- Student resources and support (including library, IT, student support services).

##### **Sustainability**

- Long-term course impact with respect to the viability of student numbers, changing resources and processes.

3.4 The course lifecycle was only employed in the organisation of the qualitative data seen in the cost impact analysis and not in the financial analysis or cost comparison. Lifecycle costing requires development and recurrent costs to be identified separately but the relative lack of quantitative data precluded such an approach. The only substantial

source was that represented by the Subject-FACTS. In the financial analysis and cost comparison, these data are used as a proxy for the costs of three-year degrees. Whilst it was possible to establish major cost headings from TRAC(T) data, potentially useful data were contained in the optional parts of the return which had been completed by very few of the universities piloting two-year accelerated honours degrees. The researchers therefore decided to use published accounts to obtain the data. These published sources do not, however, differentiate between development and recurrent costs.

3.5 The study considered how the major cost headings (section 5.8, page 14) used in the financial analysis could be brought together with the headings used in the course lifecycle for the qualitative data in the cost impact analysis. This rich and broadly consistent qualitative data was the essential source for the establishment of the indicative additional costs of two-year accelerated honours degrees through the use of qualitative additional cost estimates. The major links are summarised below.

### Summary of term links between cost impact analysis and financial analysis

#### Cost impact analysis

#### Financial analysis

##### Planning and development

Policy and principles	Other academic staff time
Degree design and structure	Other academic staff time
Market research	Other academic dept. costs
Infrastructure impact	Estates Central services

##### Investment (maintenance /updating)

Marketing and promotion	Other academic dept. costs
Educational materials (updating)	Other academic staff time IT/library
Institutional administration	Central services
Estates and facilities	Estates
Student support and resources	Central services Other academic dept. costs IT/library

##### Delivery and operations

Academic activities	Academic contact time Other academic staff time
Institutional administration	Central services
Estates and facilities	Estates
Student support and resources	Central services Other academic dept. costs IT/library

##### Sustainability

Underpins all the terms used in the financial analysis
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## Confidence ratings applied to the cost impact analysis

3.6 This analysis is based on information acquired during face-to-face or telephone interviews conducted during the study, and an analysis of documentation from the Pathfinder Project made available by HEFCE. These qualitative outcomes have been allocated a confidence rating that refers to an assessment by the researchers of the number of the same or similar comments made by the individual interviewees or from information obtained from the document analysis. In all cases the interviewee's institution or the institution that produced the documentation was noted.

The ratings are as follows:

	<b>Number of comments</b>	<b>Interviewee institutions</b>
• Strong confidence	9+	All institutions (7)
• High confidence	7+	4
• Medium confidence	5+	3
• Low confidence	2-4	1-2
• No confidence	1	1

3.7 The outcomes of this analysis have been used to establish the indicative additional cost estimates for two-year accelerated honours degrees. A more detailed description and summary analyses can be found in the Findings of the cost impact analysis on page 11, and also in Appendix 3, Tables 1a – 1d, on page 38.

## Overview of the methodology used in the financial analysis

3.8 The financial analysis has employed the quantitative Subject-FACTS data from the TRAC(T) returns as a proxy for the costs of the three-year degree. In addition, the qualitative data in the cost impact analysis has been employed to enhance, add value and underpin the financial analysis through the establishment of indicative additional cost estimates of the cost pressures emerging from the creation and delivery of two-year accelerated honours degrees.

3.9. The methodology employed is as follows:

- Three-year data: The cost of three-year delivery was established from the Subject-FACTS data and attributed to six major costing headings using institutions' published accounts.
- Two-year data: The cost of two-year delivery was established using the Subject-FACTS data from three-year delivery and the additional cost estimates of cost pressures (or increases) within a percentage range of low (minimum) to high (maximum).
- The qualitative data in the cost impact analysis were used to establish the additional cost estimates of the cost pressures of two-year accelerated honours degrees. These are given a confidence rating based on the illustration above.
- <sup>3</sup>The relationship between the major cost headings used in three-year data and the course lifecycle headings used in the cost impact analysis are shown on page 9.
- Cost comparison: The costs of three-year and two-year delivery are placed on a comparative table (Table 4 and Table 5, on pages 22 and 23) showing two subject areas: Business and Management, and Law.

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<sup>3</sup> A detailed analysis of the qualitative data and its use in the study is provided in Appendix 3, Tables 1a – 1d, pages 38-41.

3.10 This methodology provides valid indicative costs for two-year accelerated honours degrees and is not without some precedent, a similar approach having been used previously by J M Consulting for work undertaken for HEFCE<sup>4</sup>.

3.11 Some validation was undertaken in relation to the methodologies employed through research and also in interviews with financial staff from the universities involved in the Pathfinder Project. To validate the allocation process for indirect costs<sup>5</sup>, specific interviews on TRAC(T) were carried out with five of the pathfinder universities. This is further outlined in the Financial analysis section on the TRAC(T) interviews on page 16.

3.12 Any study of academic costs at course level should attempt to assess the impact of cohort size on overall and average costs. While this can often be a key issue, it has not been possible to construct a robust algorithm to factor into the costs analysis, and so this study concentrates on cost impacts at a general level.<sup>6</sup>

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<sup>4</sup> [http://www.hefce.ac.uk/pubs/rdreports/2003/rd14\\_03/](http://www.hefce.ac.uk/pubs/rdreports/2003/rd14_03/)

<sup>5</sup> For a definition of indirect costs see: Appendix 1: Financial detail, page 34.

<sup>6</sup> This point is explained in more detail in paragraph 5.18.

## 4. Findings of the cost impact analysis

4.1 The study's initial work was to establish the available qualitative information and quantitative data in relation to the cost impact of two-year accelerated honours degrees. It was discovered that there was little quantitative data, but considerable qualitative information. This section of the report summarises this qualitative data.

4.2 The cost impact analysis uses headings defined in the course lifecycle outlined in the Overview of methodology section of this report on page 8. Each comment or piece of information from the document analysis has been attributed to one of the lifecycle headings. These were then analysed in relation to the number of comments or pieces of information which are either the same or of a similar nature. This is reinforced by reference to the institution originating the documentation or the institution employing the interviewee.

4.3 This produces a confidence rating, which is an assessment of the relative consistency of the qualitative information and data acquired.

4.4 The ratings are detailed in the Overview of methodology in section 3.6 on page 9.

4.5 The analysis of the comments or pieces of information under each of the lifecycle headings produced a clear set of additional cost impacts in relation to two-year accelerated honours degrees, either in relation to their current institutional delivery or to any potential expansion. These are summarised below in sections 4.7 to 4.10 and discussed in the commentary beginning in section 4.11.

4.6 The detailed analysis of the indicative additional cost impacts in relation to the major cost headings is presented in Appendix 3, Tables 1a -1d, on pages 38-41.

### Summaries

4.7 The **Planning and development** section of the course lifecycle, revealed only a relatively marginal cost impact on two-year accelerated honours degrees. Degree design and creation was absorbed by academic staff, and it is a challenge to find any additional cost impact. Some significant cost impacts were discovered with regard to the institutional infrastructure because of the workarounds used to overcome the process and procedural orientation to three-year delivery. These were usually agreed on a pragmatic basis with central institutional services. Equally, there is clear evidence in some institutions of the accelerated degrees being designed to fit around existing systems and resources. The proposal that teaching should continue for the twelve-week summer period was strongly rejected as unsustainable and is a long-term potential major cost impact on academic contact time.

#### **Planning and development was regarded as having a cost impact on central services and academic contact time.**

4.8 In the **Investment** section, several areas of cost impact were found. One was in institutional administration and systems which, in the event of any increase in the number of two-year accelerated honours degrees, would need to be substantially changed. Another was in estates and facilities, where challenges were believed to exist in relation to the ability to support year-round operations in some institutions. However, the most significant impact was on issues relating to teaching and examination spaces for dual cohorts of students. The final significant issue was the likely need for a reconsideration of student support, primarily in terms of availability during the summer months.

**Investment was regarded as having a cost impact on estates, central services and IT and library.**

4.9 The **Delivery and operations** section was the most significant area overall in terms of cost impact. Many of the academic staff involved in the delivery of two-year accelerated honours degrees undertook work through enthusiasm or goodwill and most also led the establishment of necessary workarounds that enabled the degrees to function. The administrative staff in academic schools and faculties also undertook a considerable amount of additional work. Finally, although IT and library services now function normally in terms of opening hours across the summer period, the availability of staff in the event of large numbers of students requiring support was regarded as an issue that would need to be addressed.

**Delivery and operations were regarded as having a significant cost impact on academic contact time, other academic staff time, other academic department costs, central services, and IT and library.**

4.10 The **Sustainability** section underpins the three lifecycle headings by clearly identifying that any expansion of two-year accelerated honours degrees would require institutions to address the significant cost impacts.

4.11 On the basis of the cost impacts identified in the cost impact analysis, each major cost heading was given indicative additional cost estimates. These were expressed within a percentage range that reflects the anticipated minimum, against the potential maximum, additional costs for two-year accelerated honours degrees. This range further reflects the differences within individual institutions in terms of the changes required in academic and administrative processes to enable an expansion of two-year accelerated honours degrees.

- Academic staff contact time was considered to require additional cost estimates of at least 15 per cent with a range up to a maximum of 25 per cent.
- Other academic time was considered to require additional cost estimates of between a minimum of 5 per cent and a maximum of 10 per cent.
- Other academic department costs were considered to require additional cost estimates of between a minimum of 5 per cent and a maximum of 10 per cent.
- The estates element was considered potentially not to require additional cost estimates, providing that the major space issues were addressed. This area was therefore considered to require additional cost estimates of between 0 per cent and 5 per cent.
- Both central services and IT and library were considered to require additional cost estimates of between 5 per cent and 10 per cent. This was primarily a reflection of the full provision of services during the summer months and the necessary institutional change processes required.

4.12 This produces the following outcomes for the major cost headings used in the Financial analysis, from page 14 onwards. The greatest cost impact was on the first three major cost headings:

- Academic contact time
- Other academic staff time
- Other academic department costs.

4.13 A detailed commentary on the cost impact analysis can be found in Appendix 4, page 42.

## **5. Financial analysis**

5.1 The study employed the following quantitative and qualitative data in the financial analysis:

- Proposals, interim and final reports from universities involved in the Pathfinder Project
- Information and data from face-to-face and telephone interviews conducted during the study
- Data provided by HEFCE:
  - institutional annual accounts
  - Subject-FACTS data from TRAC(T) returns
  - TRAC(T) summary data and benchmark analyses
  - internal Pathfinder Project reports
- Data acquired by research:
  - two-year degree providers in the private sector
  - previous HEFCE costing studies.

### **Purpose of the financial analysis**

5.2 The primary aim of the financial analysis was to make comparison with costs of comparable degrees delivered by the traditional three-year route.

5.3 The secondary aim was to provide evidence and analysis:

- To enable a discussion on the possibility of expansion of two-year accelerated honours degrees, and to understand any barriers to expansion
- To inform the long-term review of the teaching funding method.

### **Cost method**

5.4 At the commencement of the study, an initial review of documentation had established that a report by one of the institutions involved in the Pathfinder Project contained the most likely source of financial data. The analysis did contain good primary resource data, particularly with regard to academic workloads. However, this was in relation to one award with fifteen students. Nevertheless, it did provide a good example of the quality of data that the study would attempt to gather from other institutions during Phase 1 of the project.

5.5 No other course costing data were discovered during Phase 1 of the project and it was therefore necessary to prepare for Phase 2, Evaluation, on the basis that there would be little hard data available. It was clear that it would be necessary to generate comparative cost data from an alternative, but as robust as possible, base.

5.6 The study then reviewed the Subject-FACTS for a HEFCE-fundable student for 2007-08 and 2008-09 for pathfinder universities piloting two-year accelerated honours degrees. Following this review, it was judged that these data provided an adequate basis for establishing the costs of a three-year degree. In the context of the required project outcomes, there were sound reasons for the adoption of this approach:

- 2008-09 represented the third year of TRAC(T) returns, and TRAC(T) can therefore be regarded as an established and embedded process.
- 83 per cent of universities considered their 2008-09 returns to be fit for the purpose of informing HEFCE's review of price groups in the teaching funding method.
- Seven of the eight universities (88 per cent) involved in piloting two-year accelerated honours degrees regarded their 2008-09 returns to be robust at the level of the department.
- The authors understand that HEFCE is committed to using TRAC(T) and Subject-FACTS to inform reviews of the teaching funding method.
- For the universities piloting two-year accelerated honours degrees, standard full-time undergraduate and foundation degree students represented 93 per cent of total HEFCE-fundable FTE students. The total of HEFCE-fundable students are studying by different modes and on different levels of study which have differential weightings applied to them. This was therefore a potential distorting factor. However, 93 per cent was considered sufficiently high to warrant the use of Subject-FACTS as a valid proxy for the costs of a standard three-year degree.

#### 5.7 There are possible weaknesses of the approach:

- TRAC(T) is a top-down costing technique and, as such, cost centre data represent what remains following the removal of various elements of cost (the residual). Bottom-up exercises, such as zero-based costing, are preferable, but resource-intensive and were not appropriate in the time available to this study, even if appropriate data had been available.
- TRAC(T) does not give the complete or absolute costs of teaching, but is primarily valuable as a tool for establishing the relative costs of teaching different subjects. Correspondingly, the methodology employed in this study yields reliable information about the costs of two-year degrees compared with three-year degrees, but does not provide the total or absolute costs of two-year degrees.
- There is some concern that university structures do not generally accord with the forty-one cost centres used for Subject-FACTS and, as a result, there may be some inconsistencies in data capture. This aspect is further discussed in the costing approach below.

#### 5.8 A template was set up in order to analyse expenditure under the major cost headings using those which could be most easily extracted from TRAC and other published sources:

- Academic contact time
- All other academic staff time
- Other academic departmental costs
- Estates
- Library and IT
- Other central services.

5.9 The cost headings were selected to maximise the use of data from TRAC and published account sources as appropriate. For the purposes of this study, a broad definition of the word academic was adopted, essentially to distinguish between activity occurring in an academic department and any other part of an institution. The cost heading, Academic contact time will contain a small amount of time from staff not paid on academic grades. Similarly, the cost heading, All other academic staff time includes the balance of academic staff time and all other academic department staff time. Further definitions and details of how

the various sources were mapped onto the individual cost headings used in this study are shown in the Cost comparison section, Table 3 on page 20.

5.10 The template was designed to enable comparative estimates to be recorded against these major cost headings. The headings are underpinned by the qualitative data obtained from the interview and document analysis processes summarised in the Findings of the cost impact analysis. These qualitative data allowed for indicative additional cost estimates to be employed to establish the costs of two-year accelerated honours degrees.

### **Costing approach**

5.11 At the commencement of this study, data to support it were requested from the institutions that had participated in the Pathfinder Project. The study sought the following:

- Examples of course costing
- Other formal financial analysis
- Data on hours applied to the degrees
- Data on workload systems in place to support resource calculations
- Subjective recall on resource allocation.

5.12 During the interview process, the study clarified the availability of data and ascertained that there were no examples of course costing that would comply with either Advice Notes (Course costing in Higher Education: An overview for senior managers)<sup>7</sup> or TRAC guidelines.

5.13 There were three examples of financial analysis that could be used selectively, and some limited data backed by an analysis of hours or workload systems.

5.14 As a result of these findings, the study has been heavily reliant on the qualitative data gathered. This is not considered a major weakness in the study, as the breadth of experience and seniority offered by the interviewees, together with their recall of recent and ongoing activity, has provided a rich level of qualitative data. This is discussed in the Findings of the cost impact analysis on page 11, and in detail in Appendices 3 and 4.

5.15 Following the decision that Subject-FACTS were to be used as a valid proxy for three-year degree costs, the interview process tested the resource inputs required for each programme of study by using the three-year version of the degree as a base and placing the estimated resources for the two-year equivalent on a comparative scale. At the end of all the interviews, the completed templates were evaluated for consistency and a set of indicative additional cost estimates was prepared for the cost headings, each of which had a lower and higher estimate.

5.16 In order to validate the allocation process for indirect costs, specific interviews on TRAC(T) were carried out with five of the pathfinder universities. This is further outlined below in the section on TRAC(T) interviews.

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<sup>7</sup> <http://www.jcpsg.ac.uk/guidance/costing.htm>

## **TRAC(T) interviews**

5.17 The interviews examined the following:

- The method and reliability of the time allocation system
- The allocation of costs to cost pools and the use of appropriate cost drivers
- The attribution of costs across cost centres
- The subsequent calculation of Subject-FACTS.

5.18 The interviews revealed a high degree of uniformity of approach across the institutions piloting two-year accelerated honours degrees.

5.19 Some areas of concern remained. The one mentioned most often was the difficulty of aligning university structures with HESA cost centres, resulting in some relatively unsophisticated attributions. There were also comments about the accuracy of the student number attribution to cost centres and also a perception that the methodology for calculating and excluding the non-subject related costs was too simplistic. It should be noted that the methodology uses actual expenditure for some areas, such as bursaries, and HEFCE funding as a proxy for other areas, such as widening participation. This was developed as a pragmatic, low-burden solution for institutions. The non-subject related costs represent 11 per cent of the total cost for the sector as a whole.

5.20 The study has evaluated the benchmark data produced by HEFCE from the TRAC(T) returns. Based on the cost centres used in the study and the peer groups to which the sample universities belong, the Subject-FACTS calculated for the study are within 5 per cent of the benchmark peer group mean value. The conclusion can be drawn from these interviews that the results from the pilot institutions are not an outlier in comparison with the rest of the peer group and therefore are suitable for use in the study. However, the study has taken due note of the concerns expressed by interviewees. Those concerns, combined with the study operating at cost centre level, has led to a medium level of confidence being established in the decision to use Subject-FACTS as a basis for estimating costs.

### **Cohort size**

5.21 Any study of academic costs at course level should assess the impact of cohort size on overall and average costs. While this can often be a key issue, it has not been possible to construct a robust algorithm to factor into the cost analysis, and so this study concentrates on cost pressures at a general level.

5.22 There are a number of key factors as to why this is the case:

- The relative immaturity of the two-year accelerated degree as a “product”, making assessments of likely steady-state cohort size challenging.
- The large variation in current cohort size which provides conflicting evidence and differing trends, with some courses growing and others in apparent decline.
- The interaction in many cases of comparable three and two-year degrees, with a common delivery model of shared modules for semesters one and two, followed by more customised provision for semester three.
- The extent to which a two-year accelerated degree might transfer intake from an existing course or generate new demand.

5.23 All these issues are complex and have the potential to be critical for the success or otherwise of an expansion of two-year accelerated provision. It is likely that, at some stage, it will be necessary to factor in cohort size at course level.

## Data quality

5.24 The authors would have preferred to have worked with more quantitative data, but there was very little evidence of any formal financial analysis or appraisal at either faculty or institutional level. Although there was good awareness of the overall funding and how resources were allocated within individual institutions, this did not, in general, extend to an informed view of individual course costs. The data were further constrained, at some institutions, by the relative level of cohort size and the lack of evidence that two-year accelerated degree provision was being brought into the mainstream of institutional provision and processes.

5.25 Nevertheless, it has been possible to identify the direction and scale of costs which have been qualitatively confirmed by the relative consistency of the information obtained from institutions, particularly academic staff with a detailed knowledge of both two and three-year degrees.

5.26 The study employed a full-cost method (detailed in Appendix 1: Financial detail, page 34) aligned to TRAC(T). The various elements of cost were investigated with a broad range of interviewees at varying levels of managerial responsibility, providing a top-down and bottom-up view of costs and resources.

5.27 Overall, Tables 4 and 5, on pages 22 and 23, give a good indication of the range of costs identified by the study. However, there is only a medium level of confidence that it would be possible for the majority of institutions to deliver two-year accelerated honours degrees within the range given.

5.28 The consideration of this level of confidence is based on two key factors:

- The institutions which have successfully delivered two-year accelerated honours degrees in the Pathfinder Project were all post-1992 universities. For these institutions, research represents only 3 per cent of their total income compared with a sector average of 23 per cent. It has not been possible to evaluate any impact on the rest of the higher education sector, specifically those institutions with major research commitments.
- The degrees offered to date by the pathfinder universities fall almost exclusively into Price Group D<sup>8</sup> which is the lowest-funded group, representing, in the main, classroom-based subjects. It was not possible to test the differential impacts of Price Group B (Science, Engineering and Technology) or Price Group C (Other high-cost subjects with a studio, laboratory or fieldwork element). Analysis of peer-group benchmark data within the TRAC(T) exercise suggests that the cost of two-year accelerated degrees in Price Groups B and C would be marginally higher than Price Group D, but this conclusion is only tentative.

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<sup>8</sup> For more information on these price bands, see: [http://www.hefce.ac.uk/pubs/hefce/2008/08\\_33](http://www.hefce.ac.uk/pubs/hefce/2008/08_33) Funding higher education in England: How HEFCE allocates its funds, p 11.

## 6. Cost comparison

6.1 The data and information gathered during this study have been used to produce two main analyses:

- Full-cost comparison of two and three-year degrees, giving an indicative range of costs presented in Tables 4 and 5 on pages 22 and 23.
- Macro-level modelling to illustrate how an expansion of two-year provision might impact on institutional cost levels, presented in Table 6 on page 26.

6.2 Tables 1a – 1d (pages 38 – 41) and Tables 2 and 3, detailed in the following paragraphs, all provide analyses that support the two main outputs of the study.

### Cost comparison of two and three-year degrees (Tables 4 and 5)

6.3 Two-year accelerated honours degrees are currently being offered in a variety of subjects, with two subject groups being predominant: Business and Management Studies, and Law, with 265 and 80 students respectively. The total figure represents 88 per cent of the 390 students on two-year accelerated honours degrees in 2008-09 at the seven universities piloting these programmes.

6.4 Business-related degrees were an obvious area for study, while Law was chosen as the second area to cover for several reasons:

- Law was being taught in three pathfinder universities in relatively large numbers
- The study has unconfirmed evidence that student numbers had at least doubled in this subject in 2009-10, and it represented a strategically important growth area.

6.5 It should be noted that, although Law is a separately identified subject group for the collection of student data, it does not have its own HESA cost centre for the collection of financial data. The comparison is therefore with Cost Centre 29, Social Studies, within which Law is included. Within this cost centre, Law represents 49 per cent of the total students for the sample universities and has 65 per cent more students than the next largest discipline. The costs should therefore be representative and not significantly (or materially) distorted by other disciplines.

6.6 Table 4 on page 22 covers the costs of delivering business-related degrees, and Table 5 on page 23 focuses on degrees in Law.

6.7 The methodology and approach have already been outlined in the Financial analysis section.

**TABLE 2: CALCULATION OF 3-YEAR DEGREE COST USING TRAC(T) DATA**

Cost Centre 27 (Business and Management Studies)

	<b>Total subject-related costs of HEFCE-fundable provision (£000)</b>	<b>HEFCE-fundable student FTE from HESA student record</b>
University A	5794	1287
University B	7691	2108
University C	5996	1121
University D	10540	2194
University E	4606	753
<b>TOTAL</b>	<b>34626</b>	<b>7463</b>

This gives a subject-related degree cost of £4640 per year per HEFCE-fundable student FTE.

Notes:

The universities are the five institutions delivering accelerated honours degrees in business-related subjects.

The data are based on the TRAC(T) returns for those universities, supplied by HEFCE and calculated as a weighted average of 2007-08 and 2008-09 data.

**TABLE 3: DERIVATION OF WEIGHTINGS APPLIED TO COST HEADINGS**

<b>Published accounts heading</b>	<b>Initial analysis of expenditure data</b>	<b>Mapping to cost heading used in this study</b>	<b>Secondary analysis of expenditure data</b>
Academic departments	53%	Academic contact time <sup>9</sup>	14%
		All other academic staff time <sup>10</sup>	28%
		Other academic department costs	11%
Premises	12%	Estates	12%
Academic services	10%	IT and libraries	10%
Administration and other expenditure	25%	Other central services	25%
Total expenditure	100%	Total expenditure	100%

**Table 3: Key explanatory notes**

The initial calculation of weightings was based on an analysis of the expenditure data provided in the pathfinder institutions' published accounts, specifically the note relating to Analysis of expenditure by activity. A weighted average of all the Pathfinder Project institutions was calculated. These data led to a one-to-one attribution to the cost headings used by the study, with the exception of the figure for the proportion of expenditure in academic departments. This required a further level of analysis to accord with the cost headings used in this study. The published accounts analyse expenditure in academic departments between staffing and non-staffing costs. The non-staffing costs are mapped onto other academic department costs. It was then necessary to analyse the total staff costs in academic departments between direct contact time and other activities. The study used the following sources to establish and justify this analysis:

<sup>9</sup> Academic contact time will consist of a small amount of contact time delivered by staff not paid on academic grades.

<sup>10</sup> All other academic staff time includes the balance of academic staff time and all other staff time in academic departments.

- A previous HEFCE costing report, produced by JM Consulting<sup>11</sup>, which had carried out an extensive study into the costs of alternative modes of delivery using a similar comparative cost methodology to that employed in this study. JM Consulting based the work on interviews with academic managers and established a norm for academic contact time across the range of price bands – see page 17 of the JM Consulting report.
- Three pieces of workload-based evidence, provided during the course of this study by pathfinder institutions, that related to their own experience. Whilst this evidence was fairly limited in scope, the results were consistent with that provided by the JM Consulting report.

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<sup>11</sup> [http://www.hefce.ac.uk/pubs/rereports/2003/rd14\\_03/](http://www.hefce.ac.uk/pubs/rereports/2003/rd14_03/)

**TABLE 4: COST COMPARISON OF TWO AND THREE-YEAR DEGREES**

**Business and Management Studies. Subject-FACTS Cost Centre 27**

<b>3-year degree Cost headings</b>	<b>3-yr degree weighted %</b>	<b>3-yr degree actual (£/yr)</b>	<b>Cost impact on 2-yr degree Low % increase</b>	<b>Cost impact on 2-yr degree High % increase</b>	<b>2-yr degree actual Low (£/yr)</b>	<b>2-yr degree actual High (£/yr)</b>
Academic contact time	14%	650	15%	25%	747	812
All other academic staff time	28%	1299	5%	10%	1364	1429
Other academic dept costs	11%	510	5%	10%	536	561
Estates	12%	557	0%	5%	557	585
Library and IT	10%	464	5%	10%	487	510
Other central services costs	25%	1160	5%	10%	1218	1276
<b>Costs per HEFCE-fundable student</b>	<b>100%</b>	<b>4640</b>			<b>4909</b>	<b>5173</b>
<b>Cost of degree</b>		<b>13920</b>			<b>9818</b>	<b>10346</b>
<b>Cost of two-year degree as percentage of three-year degree</b>					<b>71%</b>	<b>74%</b>

For explanatory notes for this table, see below Table 5

**TABLE 5: COST COMPARISON OF TWO AND THREE-YEAR DEGREES**

**Social Studies (Law). Subject-FACTS Cost Centre 29**

<b>3-year degree Cost headings</b>	<b>3-yr degree weighted %</b>	<b>3 yr degree actual (£/yr)</b>	<b>Cost impact on 2-yr degree Low % increase</b>	<b>Cost impact on 2-yr degree High % increase</b>	<b>2-yr degree actual Low (£/yr)</b>	<b>2-yr degree actual High (£/yr)</b>
Academic contact time	14%	678	15%	25%	779	847
All other academic staff time	28%	1355	5%	10%	1423	1491
Other academic dept. costs	11%	532	5%	10%	559	586
Estates	12%	581	0%	5%	581	610
Library and IT	10%	484	5%	10%	508	532
Other central services costs	25%	1210	5%	10%	1271	1331
<b>Costs per HEFCE-fundable student</b>	<b>100%</b>	<b>4840</b>			<b>5121</b>	<b>5397</b>
<b>Cost of degree</b>		<b>14520</b>			<b>10242</b>	<b>10794</b>
<b>Cost of two-year degree as percentage of three-year degree</b>					<b>71%</b>	<b>74%</b>

**Tables 4 and 5: Key explanatory notes**

Note 1: Subject-FACTS, which form the valid proxy for the costs of three-year degrees, have been calculated as a weighted average of the TRAC(T) returns for 2007-08 and 2008-09. Using two years' data compensates, to some extent, for the small sample size and takes account of the year-on-year differences that naturally occur in any data collection exercise.

Note 2: Subject-FACTS have been calculated using five universities, within Cost Centre 27, Business and Management Studies and three universities for Law, within Cost Centre 29, Social Studies. The data for one university have been excluded from the calculations as they indicated, in an interview with the study and directly to HESA, that there are serious quality issues surrounding the attribution of student numbers to the relevant cost centres.

Note 3: Data within the tables have been built up as follows with each section referring to a table column:

**Three-year degrees  
weighted percentage**

The allocation of costs over the cost headings is based on the published accounts for the relevant universities which include a standard note on the allocation of costs over various activity headings. Supplementary data from the current project and previous HEFCE reports have been used to inform the figure for academic contact time. The figures have then been validated against the relevant sections of the TRAC(T) return, although this has been done at peer-group level, as the optional basis for this part of the return has resulted in limited responses from the sample group.

Please see Table 3: Derivation of weightings applied to cost headings, on page 20.

**Three-year degrees****Actual**

The weighted percentages are applied to the total cost per student FTE to give a base for each cost heading

Please see Table 2: Calculation of 3-year degree cost using TRAC(T) data on page 19.

**Cost impact on two-year degrees****Low/high percentage increase**

The Costing approach section has set out how the qualitative information from the interview process, together with the limited quantitative data, was synthesised to arrive at the additional cost estimates for each cost heading of the cost impact range. This is further discussed in the Findings of the cost impact analysis starting at section 4.5, on page 11.

**Two-year degree per year****Low/high**

The low and high additional cost percentage estimates are applied to the three-year degree actual to arrive at the estimated range of costs for two-year degrees. The indicative additional cost estimates are outlined and discussed in the Findings of the cost impact analysis, sections 4.5-4.12, on pages 11-12.

## Comparative results – subject-related costs

6.8 Tables 4 and 5, on pages 22 and 23, set out the detailed analysis that can be summarised, in terms of total degree cost, as follows:

	<b>Business and Management</b>	<b>Law</b>
<b>3-year degree cost (£)</b>	13920	14520
<b>2-year low range (£)</b>	9818	10241
<b>2-year high range (£)</b>	10347	10793

6.9 The additional cost estimates (low range and high range), used in the tables to reflect a maximum and minimum range of costs, suggest the following ranges for the delivery of two-year accelerated honours degrees compared with comparable three-year degrees.

**For business-related and Law degrees, the range of costs for two-year accelerated degrees is estimated at between 71 per cent and 74 per cent of the comparable three-year degree.**

6.10 The study indicates that two-year accelerated honours degrees offer an opportunity to deliver cost efficiencies by making better use of assets and infrastructure, achieving economies of scale within the indirect cost areas and enabling direct costs to be contained at a level where the cost pressures are outweighed by the shorter duration of the degree.

### **Modelling at institutional level (Table 6, page 26)**

6.11 The indicative costs calculated in Tables 4 and Table 5, on pages 22 and 23, show that there are cost savings in terms of the resources allocated to a two-year accelerated degree. This tends to support the view that the current funding provision, as applied during the Pathfinder Project for two-year accelerated honours degrees, is realistic. This contradicts widely held perceptions within the institutions involved in this project.

6.12 When considering any expansion of two-year accelerated provision, there are two key factors which act as major barriers:

- The current restriction on student numbers, which limits new full-time undergraduates to 2008-09 levels, and imposes constraints on recruitment. This, in addition to the high level of demand for three-year full-time courses, gives institutions no incentive to diversify away from the current three-year degree model.
- The perception of funding, and therefore income, is driven by familiarity with the traditional three-year degree and its structure. In turn, it seems that the three-year degree provides the model for the overall institutional structure of administration, finance, course delivery and services across the majority of higher education. It is the familiarity with three-year funding and structure of standard degrees that appears to dominate views, attitudes and perceptions of costs across the sector.

6.13 Although Tables 4 and 5, on pages 22 and 23, indicate that two-year accelerated degrees should enable a more efficient use of resources within academic areas, it is more likely that the main cost savings are potentially to be realised within the indirect cost areas. There appears to be the potential to utilise fixed assets and overhead costs more efficiently.

In particular, there is considerable scope for the university estate to be utilised more efficiently and for the majority of indirect costs to be spread over a larger number of HEFCE-fundable students. In order to realise these savings, it would be necessary to operate student number controls in ways which enabled this to happen, for example, by removing such controls for certain types of programme. This appears to imply the need for less central direction and a more market-driven model within the higher education sector.

6.14 Table 6 (below) is a simple volume-driven model that utilises data from Table 4, on page 22, to illustrate the potential for economies of scale in moving to a more significant level of two-year accelerated degree provision. All the costs used in Table 6 are indicative and not precise.

6.15 The illustrative model is based on the following assumptions:

- The institution only delivers students in Cost Centre 27
- All students progress to graduation in the time allowed for the degree, i.e. there is no non-completion, resits or other variants to standard progression
- All costs are variable over time
- All figures represent an assumed steady state and any transition is ignored.

6.16 The model moves through a number of scenarios to illustrate the potential for expansion of two-year degrees at a macro level. The costs used are those which represent the higher range of additional cost estimates in Table 4 on page 22.

**TABLE 6: ILLUSTRATIVE MODEL AT INSTITUTIONAL LEVEL**

This model examines potential scenarios for the cost of delivering two and three-year degrees. Costs are indicative and not precise.

<b>Scenario</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Student intake per year	5000	5000	5000	5736
3-year degree	5000	2500	2500	2868
2-year degree	0	2500	2500	2868
Total student headcount	15000	12500	12500	14340
<b>Total cost (£000)</b>	<b>69600</b>	<b>69600</b>	<b>60670</b>	<b>69600</b>
<b>Average cost per graduate (£)</b>	<b>13920</b>	<b>13920</b>	<b>12134</b>	<b>12134</b>

Notes:

Cost per year is based on the figures for Business and Management Studies in Table 4.

Cost per year for three-year delivery from Table 4 is £4640.

Cost per year for two-year delivery from Table 4 is £5173.

**Table 6, Scenario 1:** represents a university that only teaches three-year degrees in business-related subjects. It has an annual intake of 5000 HEFCE-fundable students and produces graduates at an average total cost of £13920 per student: £4640 per year.

**Table 6, Scenario 2:** represents the position where the university still has an intake of 5000, now divided equally between two and three-year delivery, but has retained the same cost base. It still produces the same number of graduates at an average cost of £13920, but,

because it is not realising the potential cost savings of two-year delivery through its indirect costs, the average HEFCE-funded student cost has risen to £5568 per year (£69,600,000/12500).

**Table 6, Scenario 3:** retains the same profile of student intake and delivery, but now reflects the costs of two-year delivery (at the upper end of the additional cost estimates range) which have been calculated from Table 4, on page 22. The average cost per graduate has fallen substantially to £12134 and this has been achieved through realising savings of £8.9 million in indirect costs across the institution.

**Table 6, Scenario 4:** represents the position where the university retains a 50:50 split of two and three-year degrees, but decides to maximise student numbers within its current cost base. There is an assumption that there is no student number control in operation to prevent it pursuing this strategy. This scenario allows the university to increase its HEFCE-fundable student intake by 15 per cent, to 5736, within its current cost base. To achieve this, the university has made changes in institutional processes involving a re-alignment in some areas of costs, such as academic workload.

## 7. Additional issues

7.1 The original invitation to tender for this project required the study to consider some additional issues in relation to the costing of two-year accelerated honours degrees. Each of these additional issues is considered in this section, although many of the points made in this section have been more fully explored elsewhere in the report.

### Whether costs vary between institutions

7.2 It is recognised in the sector that costs differ between institutions. However, with regard to two-year accelerated honours degrees, this study found no robust quantitative data on this issue aside from that represented by Subject-FACTS used in the financial analysis. The qualitative data obtained for the cost impact analysis did reveal a number of areas where cost pressures existed, but it was not possible to establish the relativities of these between institutions. The optional elements of the annual TRAC(T) exercise provide a potential source of analysis both at activity and cost centre level, although current response levels would make any conclusions less than robust.

### Whether economies of scale would be possible if two-year accelerated degrees became more mainstream

7.3 The indicative outcomes from the financial analysis and cost comparison sections of this report clearly demonstrate that some economies of scale are potentially possible if two-year accelerated honours degrees became more mainstream. The use of full cost absorption methodology, consistent with TRAC(T), results in two-year degrees showing significant cost savings compared with three-year degrees. However, it would be difficult for these savings to be fully realised under the current teaching funding method and student intake restrictions. With these in place, indirect costs would be absorbed over a lower number of FTE students and the cost savings are consequently reduced to effect the changes to processes and cultural attitudes.

7.4 During the interview process, there was a belief amongst some of the more senior staff interviewed that there was a pre-requirement that flexible learning become a major institutional driver, with the implication that some of the infrastructural issues, discussed in the Findings of the cost impact analysis section, would be addressed. In practice, such a transitional change in most institutions would take time and investment.

7.5 One of the more obvious economies of scale which might result from a clear institutional driver towards flexible learning would be some shared delivery of modules (whether delivered directly in the classroom or through some form of e-learning) between schools, faculties or partner colleges. While this often does occur within schools or faculties, there were no examples in the study of this occurring. There are mixed views as to the value of this approach, although it is also clear that some institutional leaders are keen that modules are developed for delivery in several programmes and also shared across the institution. Since the creation and development of award modules was perceived, probably correctly, as the most expensive element of course development, it should be exploited to the fullest extent through shared delivery wherever possible and appropriate. In discussion, this was also considered by interviewees as requiring some element of cultural and institutional change in order to succeed.

7.6 There was some evidence that, despite some investment in e-learning and blended learning course materials, these were not necessarily fully exploited by academic staff.

### What institutions could do more efficiently in order to reduce costs

7.7 In reality, the delivery of two-year accelerated honours degrees currently depends on a model which, in some institutions, would not be sustainable if it were to be substantially expanded because it is designed to fit around existing institutional administrative and academic processes and culture. It is therefore challenging to consider efficiencies within the models available without the consideration of changes to institutional processes and systems.

### Whether there are any hidden costs that may not have been fully appreciated

7.8 The Cost comparison section of this report clearly demonstrates that a move from three-year to at least 50 per cent two-year delivery does represent a potential cost saving to institutions. However, it is primarily in the area of the absorption of indirect costs, combined with an increase in the throughput of students, that these savings are achieved. The general perception of all those interviewed for this study was that two-year accelerated honours degrees are not cost-effective and there would have to be a considerable effort made to try to counter these strongly held views.

7.9 At a more fundamental level, some hidden costs that have emerged from the study relate to the compromises and workarounds devised to enable two-year accelerated honours degrees to successfully function with a three-year operational model. These compromises undoubtedly mean additional administrative (and frequently manual) work for academic staff and also for the administrative support staff, primarily within individual faculties and schools. A further barrier to the development of two-year accelerated honours degrees was also believed to be the academic staff contract, although it is likely this would represent a variable barrier depending on the current position in each institution. As outlined frequently elsewhere in this report, making the changes necessary to address these issues implies some considerable institutional reform.

### Whether costs are proportionally higher in the early years of provision due to start-up costs than when running in steady state

7.10 The two-year accelerated degree represents a major change in the delivery model of most institutions, which is essentially geared towards the three-year model. The necessary change management which is likely to be required to fully embed and mainstream two-year delivery is likely to be a significant cost during the first years of any major expansion of two-year delivery.

7.11 The general view that emerged from the interviews and the document analysis was that there were proportionally higher costs during the early years of provision of the two-year accelerated honours degrees. However, this applied to any new or changed degree and was not exclusive to the two-year degree. Even where existing programmes were employed and some existing modules delivered to dual cohorts, the development of new materials and modules for the summer period did require additional resources.

7.12 The subsequent academic maintenance and quality review of the awards was then perceived as capable of being successfully absorbed into the routine policies and procedures employed by institutions. Whether this would apply to all subject areas is not something that has been possible to explore in this study. It is notable that there are no two-year degrees running in science or engineering subjects as yet across the sector, although discussions are taking place at one of the pathfinder institutions as to the possibility of developing one.

Whether costs of provision are flat across all price bands provision or vary differentially between subjects

7.13 The two-year accelerated honours degrees examined in this study were almost exclusively in price band D. It has therefore not been possible to consider this issue in any detail. There is nothing in the study findings that would suggest they are not applicable across price bands, but this would need to be tested, particularly in respect of the use of facilities. However, it does appear that the more successful two-year accelerated honours degrees are vocational, which may be of more significance in relation to long-term development of this type of award.

## 8. Conclusions and recommendations

### Conclusions

#### Financial

8.1 There is evidence that, within the teaching year, operating two-year accelerated honours degrees results in some cost pressures within academic departments, mainly arising from the additional third semester delivery costs. Further evidence that these pressures might have more impact in a growth situation is demonstrated by some costs having been absorbed by goodwill and short-term solutions in many institutions. The cost pressure on indirect costs (estates, IT and library, central services) is perceived as marginal.

8.2 The cost pressures, outlined above, are outweighed by the savings that accrue from delivering the degree over two rather than three years. The use of full cost absorption methodology, consistent with TRAC(T), results in two-year accelerated honours degrees showing indicative cost savings in the two subject areas used in the analysis. These show the cost of two-year accelerated honours degrees to be between 71 per cent and 74 per cent of the equivalent three-year degree.

8.3 It would be difficult for these savings to be fully realised under the current student number controls, as indirect costs would have to be absorbed over a lower number of HEFCE-fundable students.

8.4 There is some evidence that a growth in two-year accelerated honours degrees would generate potentially significant one-off costs to re-engineer administrative systems and processes to make them fit for purpose. It has not been possible to evaluate this cost as it is associated with significant change management specific to individual institutions. This is more generally discussed under Conclusions: impact on institutions, below.

#### Expansion of the two-year accelerated degree

8.5 From the evidence obtained during this study, it is clear that not all the models of delivery employed for the existing two-year accelerated honours degrees are capable of expansion. The reasons for these barriers are partly located within institutional operations, systems and culture, and partly around the niche nature of some of the existing awards. There is evidence that two-year delivery is not appropriate for some types of subject and, in any event, only a relatively limited range of subjects has been successfully and consistently delivered to date.

#### Impact on institutions

8.6 The cost impact analysis has brought out the issue of the three-year model which underpins the operation of most higher education institutions. This model does not appear to facilitate flexible learning and a number of the two-year accelerated honours degrees developed under the Pathfinder Project reflect workarounds of perceived blocks within institutional systems, processes and sometimes basic staff contracts. To fully enable flexible learning, institutions will need to enter a period of transition and change management in relation to some of these institutional issues. Such change processes are likely to take at least two years and to result in some transitional costs. However, the outcome for an institution which has a clear strategic direction to embrace flexible learning and revises all its processes for true flexibility, is potentially the creation of a new and innovative academic model.

8.7 Such a process of change is very likely to address some of the issues highlighted in the report in relation to cultural change within some institutions.

8.8 It should clearly be noted in this context that these change processes are dependent on the strategies of the different institutions, having a clear and active commitment to flexible learning being the key. However, this is unlikely to be the core strategy of all institutions.

## **Recommendations**

### Recommendation 1

8.9 HEFCE might consider ways in which such institutional change could be facilitated, specifically in relation to flexible learning. When assessing the future development of two-year accelerated honours degrees, HEFCE might consider assisting institutions to overcome some of the more obvious barriers to the further development of this type of programme. Currently, it is not perceived as being in an institution's interest to pursue such a development, but assistance with the cost of realigning processes and systems, to make them more appropriately fit for purpose for two-year accelerated honours degrees and other forms of flexible learning, is likely to ensure that some institutions reconsider their position.

### Recommendation 2

8.10 HEFCE might consider funding the development of a financial model as a planning tool which would enable institutions to evaluate two-year accelerated honours degrees, particularly in terms of associated risks. This model could operate in a similar fashion to that adopted for use for employer engagement within an institution funded by HEFCE's strategic development fund (SDF). This would involve a formal detailed review of resource inputs for two-year accelerated honours degrees.

### Recommendation 3

8.11 HEFCE should give further consideration to the vocational nature of the majority of the current two-year accelerated honours degrees and the type of students who would find such a degree appropriate to their needs. The evidence from the study indicates that a high level of selectivity is applied to the students who enrol on this type of programme. The study has also shown that the indicative cost savings of the two-year accelerated degree are dependent upon the ability of institutions to increase their student numbers and, in turn, realise these savings through an active reconsideration of the indirect costs and a determination to pursue a strategy of delivering more with the same level of resource. Further examination of the likely take-up should be considered in order to ensure that these indicative requirements can be met in terms of student numbers.

### Recommendation 4

8.12 It is recommended that HEFCE consider how better to present the existing range of funding for flexible learning that is already on offer in order to overcome some of the existing perceptions. The three-year model, which from the work of the study appears to underpin the operations of some higher education institutions, is perceived as being reinforced by the funding provided by HEFCE. Many of those interviewed during the study were arguing for some form of credit-based funding, without necessarily providing any specific approaches by which this might be achieved. There was, however, a clear view from some institutions that the perceived nature of the funding provision tended to make institutions risk-averse. We note, however, that some of these issues will be less relevant under future funding scenarios in which funding will come primarily or entirely from student fees.

## **General Observations**

### Observation 1

8.13 A number of the interviewees expressed a need for case studies illustrating not only what had been achieved, but also that this development work was taking place in the sector. There are a number of examples of courses which have the potential to be good case studies and there appears to be a general readiness to learn from practice elsewhere.

### Observation 2

8.14 There is clear evidence from the work of this study that there is a need for clarity in relationship to the Bologna Process which appears to present a confused picture to the majority of those interviewed. This work is within the remit of the UK HE Europe Unit, which is jointly funded by UUK<sup>12</sup>, HEFCE, HEFCW<sup>13</sup>, SFC<sup>14</sup>, Guild HE and QAA<sup>15</sup>. A greater or more proactive promotion of this work across the sector is recommended.

### Observation 3

8.15 There was a view from some senior members of academic staff, confirmed by the feedback from some of the pilot projects, of the need for a national impetus to educate and influence employers in relation to two-year accelerated honours degrees.

### Observation 4

8.16 Within the Pathfinder Project, institutions were encouraged to scope their individual projects, which in turn allowed a wide variety of approaches to two-year accelerated honours degrees to be explored. However, in future programmes of multiple projects, HEFCE may wish to give consideration to setting some standards and guidelines for the project design and outcomes, working in conjunction with institutions. The aim would be to ensure appropriate data and information of adequate quality are collected across the different projects which constitute a programme, to enable consistent and valid cross-institutional conclusions to be drawn.

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<sup>12</sup> Universities UK

<sup>13</sup> Higher Education Funding Council for Wales

<sup>14</sup> Scottish Funding Council

<sup>15</sup> Quality Assurance Agency

## **Appendix 1**

### **Financial detail**

#### **TRAC**

The Transparent Approach to Costing (TRAC) was introduced in 1999 across the higher education sector as a method of identifying the costs at institutional level of Teaching (public and non-publicly funded), Research (public and non-publicly funded) and Other Activity.

TRAC is the methodology used by higher education institutions (HEIs) in the UK for costing their activities. HEFCE has supported the development and implementation of TRAC in HEIs since its inception and seeks to ensure that TRAC is fit for purpose in meeting institutions' and stakeholders' needs. TRAC is a holistic approach producing costs of Teaching, Research and Other Activities.

TRAC is the standard method now used for costing in higher education in the UK.

TRAC produces two annual outputs which are used by the sector and stakeholders:

- Annual TRAC: an annual retrospective attribution and reporting of costs
- TRAC fEC: the forecasting and accounting for full economic costs at a project level.

#### **TRAC(T) and Subject-FACTS**

TRAC for Teaching – TRAC(T) – has been introduced across the sector since 2006 to develop and implement a national framework for the costing of teaching, based on the principles of the TRAC methodology. The purpose of TRAC(T) is to identify the subject-related costs of teaching in an academic cost centre. Student numbers by cost centre are then applied to enable a calculation of cost per FTE. This produces the Subject-related Full Average Costs of Teaching a Student (Subject-FACTS).

TRAC(T) did not introduce any new requirements to the annual TRAC data collection, but provides an additional set of calculations which are seen as of value to the sector by informing the teaching funding methodology and also at institutional level by providing a springboard for internal costing initiatives such as course costing.

The steps required are:

- Allocate all costs to academic departments
- Identify HEFCE fundable costs
- Exclude differential costs of non-subject related activities
- Map remaining costs to HESA academic cost centres
- Divide by HEFCE-fundable student FTE
- To give the 41 Subject-FACTS.

#### **Full cost absorption model**

This study has employed a full cost absorption model which is a costing technique where the costs to develop a product are taken to include both direct (e.g. manufacturing costs) and indirect costs (e.g. administrative expenses). This ensures that decisions are taken in the context of total institutional costs, as opposed to marginal costing where only the additional costs of a new product are considered. In this case, the product is the degree, the manufacturing costs are those directly incurred by the academic department and the indirect

costs are generally those which are controlled by the institution rather than the academic department. This will include estates, library and IT and central services.

## Appendix 2

### Interviewee list for face to face and telephone interviews

Kirstie Best, Senior Lecturer and Field Chair (Law), University of Northampton  
Jeff Braham, Head of UK Academic Partnerships, University of Derby  
Ian Brooks, Dean of the Northampton Business School, University of Northampton  
Kevin Carroll, Project Manager for Pathfinder Project, University of Northampton  
Brian Chalkley, Director of Teaching and Learning, University of Plymouth  
Lynn Coburn, Deputy Director of Finance, Staffordshire University  
Ron Corbett, Head of Building and Estates, Staffordshire University  
Hugh Davenport, Senior Lecturer (BA Management Course leader), University of Northampton  
Linda Degg, Head of Campus and Operational Services, Staffordshire University  
Steve Denton, Registrar and Secretary, Leeds Metropolitan University  
Sheila Dexter, Academic Development Manager, Staffordshire University  
Kate Exall, Senior Lecturer and co-ordinator of Two-year LLB, University of Northampton  
Ro Evans, Dean of the School of Law, Staffordshire University  
Mike Frost, Assistant Director of Finance, Anglia Ruskin University  
Phil Griffiths, Deputy Director of Finance, Anglia Ruskin University  
Andrew Haldane, Consultant, Former Project Manager of the Pathfinder Project, University of Derby  
Mark Hall, Financial Controller, University of Northampton  
Bob Hartley, Associate Dean, Northampton Business School, University of Northampton  
Paul Hartley, Acting Chief Executive / PVC (Academic), University of Gloucestershire  
Clare Heywood, Head of Management Accounts, Staffordshire University  
David Hind, Tourism and Entertainment Subject Leader, Leeds Metropolitan University  
Terri Hodson, Cost Accountant, Staffordshire University  
Glyn Hughes, Projects Manager Estates, Staffordshire University  
Cathy Hull, Head of the Centre for Professional Practice, University of Kent  
Martin Jesinghausen, School of Arts Media and Design (English), Staffordshire University  
Chris Johnson, Senior Lecturer, Programme Manager for Fast Track Programmes in Computing, University of Plymouth  
Catherine Jones, Planning and Reporting Accountant, Leeds Metropolitan University  
Rosie Keast, Cost Analyst, University of Plymouth  
Mahmoud Al-Kilani, Project Director for Pathfinder Project at Anglia Ruskin / Two-year Course Leader, Anglia Ruskin University  
Mike Leat, Associate Head of School / Two-year Degree Course Leader, University of Plymouth  
Alison Maguire, Senior Lecturer, Accounting and Finance, Staffordshire University  
Charles Manners, Director of Hospitality, Leisure and Sports, Staffordshire University  
Bob Muir, Senior Lecturer, Sports Coaching and Biomechanics, Leeds Metropolitan University  
David Parkes, Associate Director Learning, Technology and Information, Staffordshire University  
Vicky Roberts, Senior Lecturer, School of Business and Management, Staffordshire University  
Janet Spence, Senior Lecturer, School of Law, Staffordshire University  
Marie Stinson, Director of Flexible Learning, Leeds Metropolitan University  
Mick Sumpter, Principal Lecturer and Field Chair (Law), University of Northampton  
Paul Taylor, Director of Estates, Staffordshire University  
Steve Wyn Williams, Director of Academic Development, Staffordshire University.  
Janet Wright, Senior Lecturer, School of Sciences, Geography, Staffordshire University

### **APPENDIX 3 COST IMPACT ANALYSIS TABLES**

Please note that the analysis is selective only in the sense that it does not include single comments or pieces of information which do not have a significant bearing on a cost element of the two-year accelerated honours degree.

Table column headings are as follows:

- Lifecycle heading: the headings used to organise information during Phase 1: Discovery
- Comment/information: comment or piece of information acquired either during interviews or as a result of document analysis
- Nos: numbers of individual comments or pieces of information found by the study
- Institution: the institution of the interviewee or the origin of the piece of information
- Confidence: the confidence rating that results from the numbers and the institution
- Cost impact: whether the study considers that there would be a cost impact

Major cost heading: where a cost impact has been applied in the financial analysis to establish the indicative additional cost estimates for two-year accelerated honours degrees. Major cost headings used in the Tables 1a to 1d are discussed in the Financial analysis on page 15. These headings are:

- Academic contact time
- All other academic staff time
- Other academic departmental costs
- Estates
- Library and IT
- Other central services.

**Table 1a: Analysis of information from the interviews and documents (1)**

<b>Lifecycle heading</b>	<b>Comment/information</b>	<b>Nos</b>	<b>Inst.</b>	<b>Confidence</b>	<b>Cost impact</b>	<b>Major cost heading</b>
<b>Planning</b>						
Policy and principles	Used a normal institutional routine	4	4	Medium	Nil	
	Need senior leadership	2	2	Low	Nil	
	Not financially viable	4	3	Medium	Nil	
	Changed academic regulations	1	1	Low	Nil	
	Professional body accreditation	1	1	Low	Nil	
	Additional planning required "new"	6	5	High	Marginal	
Degree design	Used normal development routine	7	5	High	Marginal	
	Online/e-learning not cheap/ Cheaper to deliver via lecturing	3	2	Low	Nil	
	Made use of e-learning	4	3	Medium	Nil	
	12 wk summer teaching unsustainable	9	6	Strong	Cost	<b>Acad. time</b>
Market research	Pathfinder-funded MR	1	1	Low	Nil	
	Sector MR to assess size of market	4	3	Medium	Nil	
Infrastructure impact	Degrees structured to fit existing staff resources and processes	3	2	Low	Nil	
	Institutional "mould" of 3-year delivery Change to institutional process required long term	7	5	High	Cost	<b>Central services</b>
	Workarounds used	4	4	Medium	Cost	Central services
	Appropriate student support not yet in place	8	5	High	Cost	<b>Central services</b>
	Facilities in use (positive)	6	4	High	Cost	Central services
		3	2	Low	Nil	

Where the study considers there would be a cost impact, it is noted in the Cost impact column. Only those followed by a major cost heading in **bold** were considered significant enough for use in deriving the indicative additional cost estimates for two-year accelerated honours degrees

**Table 1b: Analysis of information from the interviews and documents (2)**

<b>Lifecycle heading</b>	<b>Comment/information</b>	<b>Nos</b>	<b>Institution</b>	<b>Confidence</b>	<b>Cost impact</b>	<b>Major cost heading</b>
<b>Investment (maintenance)</b>						
Mkt/promotion	Pump priming for 2-year degrees	3	2	Low	Nil	
	No issues	1	1	Low	Nil	
Educational materials	Minor changes made	2	1	No	Nil	
	Cost-effective means of delivery	3	2	Low	Cost	Other acad. time
Institutional admin and systems	Key systems need to be updated	4	3	Medium	Marginal	
	Need for change management	4	3	Medium	Nil	
Estates/facilities	Positive impact overall	4	1	Low	Nil	
	Doubt ability to support year-round ops	2	2	Low	Nil	
	Estate changes geared to summer	2	2	Low	Nil	
	Problem housing "dual cohorts"	6	4	High	Cost	<b>Estates</b>
Student support	No impact overall	4	5	Medium	Nil	
	Changes to contract for summer	3	2	Low	Cost	<b>Central services &amp; IT / library</b>

Where the study considers there would be a cost impact it is noted in the Cost impact column. Only those followed by a major cost heading in **bold** were considered significant enough for use in deriving the indicative additional cost estimates for two-year accelerated honours degrees

**Table 1c: Analysis of information from the interviews and documents (3)**

<b>Lifecycle Heading</b>	<b>Comment/information</b>	<b>Nos</b>	<b>Institution</b>	<b>Confidence</b>	<b>Cost</b>	<b>Major cost impact</b>	<b>Major cost heading</b>	
<b>Delivery and Operations</b>								
Academic activities	Work by enthusiasts / goodwill	8	4	High	Cost		<b>Acad. time</b>	
	New staff appointed	2	2	Low	Cost		<b>Other acad. time</b>	
	Overtime paid	3	3	Medium	Cost		<b>Other dept. cost</b>	
	Delivery via short intensive summer teaching	6	4	High	Nil			
	Academic contract issues avoided	5	5	Medium	Nil			
	Staff declined to work in summer	3	3	Medium	Nil			
	Recruitment / APeL	7	5	High	Cost		<b>Acad. time</b>	
	Type of student (high calibre)	6	3	Medium	Cost		<b>Acad. time</b>	
	Work via workload balancing	5	4	Medium	Nil			
	Other duties: workarounds/bulletin board	6	5	High	Cost		<b>Other acad. time</b>	
	Staff resistance (general)	6	5	High	Nil			
	Institutional admin. and systems	Calendar (assessment/resits/exams etc)	8	6	High	Cost		<b>Other acad. time</b>
		Central services unable to act quickly	4	4	Medium	Cost		<b>Other acad. time</b>
Use of school/faculty admin.		6	5	High	Nil		<b>Other acad. time</b>	
Appointment of new faculty admin. (actual)		1	1	Low	Cost		<b>Other acad. time &amp; dept. cost</b>	
Estates/facilities Student support	Positive impact	4	1	Low	Nil			
	Provision of appropriate staffing	3	3	Low/medium	Cost		<b>Central services &amp; IT / library</b>	

Where the study considers there would be a cost impact it is noted in the Cost impact column. Only those followed by a major cost heading in **bold** were considered significant enough for use in deriving the indicative additional cost estimates for two-year accelerated honours degrees

**Table 1d: Analysis of information from the interviews and documents (4)**

<b>Lifecycle heading</b>	<b>Comment/information</b>	<b>Nos</b>	<b>Institution</b>	<b>Confidence</b>	<b>Cost</b>	<b>Major cost impact</b>	<b>Major cost heading</b>
<b>Sustainability (in the event of increase)</b>							
	No increase in size possible/"tick over"	6	5	High	Nil		Underpins
	Academic issues would need addressing	3	2	Low	Nil		all
	Cultural change essential	8	6	High	Cost		headings
	Managerial and institutional change	5	5	High	Cost		in terms of
	Sustainable modes of delivery required such as 2+1	5	3	Medium	Nil		ability to
	Major obstacle is funding	8	6	High	Nil		increase delivery
	Public funding model risk averse	3	3	Low/medium	Nil		
	Credit-based funding model	3	3	Low/medium	Nil		
	Bologna a "block"	4	4	Medium	Nil		
	Bologna not a "block"	1	1	Low	Nil		

Where the study considers there would be a cost impact it is noted in the Cost impact column. Only those followed by a major cost heading in **bold** were considered significant enough for use in deriving the indicative additional cost estimates for two-year accelerated honours degrees

## APPENDIX 4

### DETAILED COMMENTARY ON THE COST IMPACT ANALYSIS

#### Commentary on the cost impact analysis

Throughout this commentary, the term cost impact refers to additional costs in relation to two-year accelerated honours degrees as compared with their three-year equivalent.

#### Planning and development

##### 4.9 Confirming institutional policy and principles:

Universities have their own internal procedures in this area and there is no evidence that two-year accelerated honours degrees added to them in any substantial way.

**The study has high confidence that there is no cost impact from this element of the course lifecycle.**

##### 4.10 Degree structure and design:

The study findings indicate that there is a considerable initial investment in time for those academic staff involved in planning the delivery of two-year accelerated honours degrees. The extent to which this is greater than the time required to develop any other new degrees is uncertain, although it is clear that converting three-year degree delivery to two-year accelerated degree delivery is not without some cost even if delivery is designed to be “shared” / “double delivery” with the three-year equivalent degree where possible.

4.11 There is evidence that there was an additional requirement for academic planning, particularly in the initial phases of the delivery of two-year accelerated honours degrees. These degrees were “new” in terms of academic delivery and, as such, more detailed planning was required to accommodate them within the standard three-year model used in the institutions contributing to this study. The information obtained in this study indicates that this work was absorbed by the academic staff involved in the first instance. There is evidence from more than one institution that particular attention was given to designing course structures that would allow student transfer between two-year and three-year equivalent degrees. This has the outcome of encouraging those institutions to use existing modules to enable this ease of transfer. It appears that many courses did make maximum use of existing modules for the autumn and spring semesters and only developed new modules for the summer semester. The new modules were either derived from existing ones or, in some cases, developed from scratch. More than one institution made use of previous investment in e-learning as their basis for the summer semester delivery.

4.12 The information from the Pathfinder Project shows a similar range of approaches to the delivery of two-year accelerated honours degrees with a mixture of existing modules, moving to blended learning and the creation of completely new modules tailored for summer delivery:

*“[We] manage the summer semester through a VLE and blended learning approach with experiential work-based learning, some supervision and mentoring all done through the VLE.”*

*“[The summer semester was] all based on a new group of modules developed for the award [which] was staff intensive at the time but easily maintained once in place. All students can work anywhere in the summer, not necessarily on campus.”*

*“[It is accepted that the] most expensive part of the course developments is the creation of learning materials [modules] which underpin effective study.”*

*“...all awards either developed the blended learning from scratch or adapted existing materials...”*

4.13 At least three institutions used a summer semester model of two weeks of intensive teaching followed by blended learning modules delivered through a VLE and backed up through email or the use of online sessions. Alternatives, where it was felt the two weeks of teaching were “too intensive” by students, included the use of introductory workshops for each of the summer modules.

4.14 Almost every interviewee, and the document analysis, indicated in some way or another that:

*“Twelve weeks of classroom delivery in the summer would be unsustainable.”*

The reasons for this varied, but the majority either considered this to be academically inappropriate or that, in reality, this would be unsustainable within current resources, institutional procedures and processes and policies.

4.15 The approach of institutions to the planning of two-year accelerated honours degrees seems to have been frequently undertaken with some form of compromise. This allowed the degrees to progress, but was not based on a model which was necessarily flexible enough to be able to accommodate growth. There is evidence that some institutions delivering two-year degrees have structured the award to accommodate the existing staffing and institutional infrastructure. This is likely to imply a fundamental reconsideration of the degree structure if a substantial development in courses and student numbers was to be considered:

*“... this would need a change in the way the award was structured...and implies a whole sector change...”*

*“[It is a] challenge to “break the mould” of three years...”*

This institutional “mould” of three-year delivery and funding is a key one, not only for two-year accelerated honours degrees, but for all forms of flexible learning. The work of academic staff and, most importantly, the administrative processes and systems appear to be geared towards traditional forms of delivery. During the Pathfinder Project, these institutional issues, which underpin some of the cost efficiencies required to substantially expand two-year accelerated degree delivery, were possibly not adequately addressed. This is discussed in more detail in the Impacts on institutional infrastructure section, below.

**4.16 The study attributes high confidence that this element of the course lifecycle of two-year accelerated honours degrees has marginal one-off cost differences compared with equivalent three-year degrees.** However, this has been achieved through compromise (pragmatic workarounds) in a number of institutions. Should the number of two-year accelerated honours degrees increase, then a number of these issues would need to be addressed and would be likely to have cost implications for institutions.

4.17 Market research:

The Pathfinder Project funded work in this area particularly in relation to the potential viability of the two-year accelerated honours degrees both for students and also employers. This included the commissioning of external agencies and/or employing temporary staff for this purpose during the pilots. It is the presumption that most institutions undertake some form of

market research for new degrees. At least two institutions interviewed have mandatory market research as part of their course proposals by the relevant governance committee. Furthermore, at least one institution had undertaken considerable liaison and discussion with relevant professional bodies, local and regional organisations and employers. Should two-year accelerated honours degrees become more widespread across the sector, any research of this type should become embedded into institutional routines and appears unlikely to have a major impact in terms of cost.

4.18 There is an argument for undertaking a more generalised market research project regarding two-year accelerated honours degrees for the sector as a whole, though obviously, this would not address the local market research factors for most institutions. One senior academic leader was keen that efforts be made to influence employers at a national level:

*"[We] need to educate employers and influence them which is likely to be achieved through a national [rather than local] impetus...[and also] through drip feed...."*

4.19 **The study has medium confidence that this element of the course lifecycle has no cost impact on institutions.**

4.20 Impacts on institutional infrastructure:

These impacts include such issues as the design and operational changes to institutional processes and procedures and also changes to existing administrative and IT systems, such as student information and finance. These systems often facilitate access for students to key educational resources such as a VLE (Virtual Learning Environment) and therefore do not necessarily assist non-standard provision such as two-year accelerated honours degrees. During the Pathfinder Project, the impacts on institutional infrastructure appeared to be considered only superficially. As the student numbers were relatively low, it was possible to undertake workarounds for many of these issues. However, at least one institution appointed an administrator at school or faculty level to focus on the broad range of local administrative tasks for two-year accelerated honours degrees:

*"Managerial and institutional [issues] have not been addressed, such as the finance system which is entirely based on the three-year model and has to be manually changed [for two-year degree students]."*

*"[We developed] local solutions [within the school or faculty] to course administration which was "lived with" [particularly] as numbers were small."*

*"The Pathfinder Project did not address institutional issues and was managed by compromise. All processes would need to be revised and updated for true flexibility to be achieved but a new and innovative academic model could be created."*

In terms of long-term planning and expansion of two-year accelerated honours degrees, it is likely to be these areas that will be potentially difficult to address, as they challenge the basic three-year model of delivery. The implication of this and other findings in the study indicate that there is the potential requirement for a formal institutional change management programme.

4.21 Interviewees from other infrastructural areas such as student facilities (catering and accommodation) regard two-year accelerated honours degrees as likely to have a positive impact:

*"...overall a net winner..."*

*“...not busy enough as it stands, so any increase in activity is welcome...”*

*“...positive impact particularly in sustaining catering outlets plus [the potential] use of accommodation over the summer...”*

*“...cannot see any compromise to commercial operations [in the summer]”.*

However, other support services are likely to need to reconsider their operations to ensure that sufficient and appropriate support is in place during the summer period should there be a major expansion of two-year accelerated honours degrees.

**4.22 The study attributes medium to high confidence that this element of the course lifecycle will have a cost impact should there be an increase in the number of two-year accelerated honours degrees.**

### **Investment**

#### **4.23 Marketing and promotion**

There is evidence from almost all the institutions involved in the Pathfinder Project that the project funding was used to undertake pump priming activities in marketing and promotion, which included examples such as leaflets, posters and road shows. For most institutions, marketing is an ongoing cost for all educational programmes, mainly through the web, and through various prospectuses, open days and events. There is evidence, since the end of the Pathfinder Project, from the existing two-year accelerated honours degrees that marketing was an issue for them, particularly in terms of raising and maintaining a visible profile. However, this varied, with not all institutions offering a consistent response:

*“Marketing? No issues for us. It is all done centrally but recruitment is good.”*

*“...marketing was available when Pathfinder was running but now we seem to survive relatively successfully by word of mouth and good outcomes....”*

*“[One of the] issues for us is promotion and marketing [particularly as] we are a very small element of institutional delivery.”*

**4.24 It has not been possible to establish whether two-year degrees would require more marketing and promotion than the three-year equivalent. This is due to the limited number of responses to the study concerning this issue. The study is therefore only able to attribute low confidence that this element of the course lifecycle will not have a cost impact should the number of two-year accelerated honours degrees increase.**

#### **4.25 Educational materials**

There is an ongoing need to update the materials designed for any award and it is a routine cost to any institution. There is no evidence that this maintenance requires greater investment for two-year accelerated honours degrees. Quite a number of institutions changed their delivery slightly following the experience of the first year. However, none appear to have made substantial changes once delivery of two-year accelerated honours degrees commenced.

**4.26 The study attributes high confidence that this element of the course lifecycle will not have a cost impact should the number of two-year accelerated honours degrees increase.**

#### 4.27 Institutional administration, systems and records

The evidence gathered during this project indicates that the issues in relation to institutional administration were not necessarily fully addressed by the Pathfinder Project. Where there were any changes to the processes and systems within an institution, these tended to be absorbed internally. Equally, the tangible evidence for any changes of this kind is limited. In fact, it is very likely that there would need to be fairly substantial investment of time and the use of change management methods to enable these processes and systems to become more flexible. The fundamental issues in relation to this have already been discussed in the Impacts on institutional infrastructure section, on page 46.

**4.28 The study attributes medium to high confidence that there will be a cost impact on institutional infrastructure in the event that the number of two-year accelerated honours degrees increases.**

#### 4.29 Estates and facilities (including catering)

Staff from estates and facilities in one institution were interviewed during the study, and the outcomes and comments combined with the views from other interviewees, particularly course leaders. The indications are that there would not be any substantial need for additional investment in the event of growth in the number of two-year accelerated honours degrees. The obvious ability to make greater use of major assets would be welcome, as would greater income from some of the facilities. There is evidence that some institutions provide a moderate subsidy for some estates and facilities operations, and there is the potential to either reduce this subsidy or produce some profit over time. The use of estates and facilities during the summer months for more commercial events was not perceived, by the interviewees for this project, as any threat to their ability to support year-round operations. The opportunity, for example, to potentially let student accommodation for forty-eight weeks was regarded as very positive.

4.30 There were issues for estates, in particular, in relation to how work on ongoing maintenance and projects might be progressed, but this was regarded by at least one interviewee as primarily meaning an increase in communication and management.

4.31 At least one institution had already moved to a more flexible approach by altering cleaner and caretaker contracts, which had moved to a four-day rota operating seven days per week for fifty-two weeks of the year. It should be noted that the driver for change in this instance was not flexibility, but the wish to reduce overtime payments.

4.32 Space was also another area of consideration for estates if an increase in two-year accelerated delivery meant the delivery of teaching to a dual cohort of students. The evidence from the study did indicate a number of occasions when room capacities did cause events to be repeated, which in turn resulted in timetabling issues and added cost. However, this was not regarded by those interviewed as a major issue in the event of a substantive increase in the delivery of two-year accelerated honours degrees. It is likely that this view would vary between institutions that have different patterns of use of teaching room space.

**4.33 The study attributes medium confidence that there will be some cost impact on estates and facilities in the event of an increase in the number of two-year accelerated honours degrees.**

4.34 Student resources and support (including library, IT, student support services).  
It was challenging to find information on these areas, and this section of the report is based on one interview with a support service professional, combined with the views of course leaders.

4.35 The impact of two-year accelerated honours degrees to date had not been substantial in relation to the library and IT services mainly due to the relatively low numbers of students undertaking these degrees. Some library lending practices, which were under general review, were changed to benefit the two-year accelerated students. There was no evidence that increased materials or resources were provided by library or IT beyond that which would normally be expected:

*“[There has been] marginal impact during the summer which tends to be self-directed time.”*

4.36 There is some evidence that there would need to be changes to what are referred to as “term-time contracts” for some staff, which still exist in many institutions. There is a strong possibility that a substantial increase in two-year accelerated delivery is likely to tip the balance in terms of available staff support during the summer period, both in library and other student support services.

**4.37 The study attributes medium confidence that there would be a cost impact on student resources and support in the event of an increase in the number of two-year accelerated honours degrees.**

### **Delivery and operations**

4.38 Academic activities (including delivery and other duties).  
The main issue in relation to the delivery of two-year accelerated honours degrees is the methods used by institutions to address the summer workload. These methods varied between institutions and included:

- Re-negotiation with individual academics of their workload
- Buying additional time from some academic staff (usually fixed -term contract or part-time)
- Reliance on the enthusiasm and goodwill of academic staff:

*“...it is a struggle with just enough to cover but no slack [though we] actively use Blackboard. This is not sustainable with more students.”*

4.39 One of the most challenging issues in relation to the delivery of two-year accelerated honours degrees appears to be the academic staff contract. Many institutions seem to rely on enthusiasts among their staff, and some of the ongoing issues in relation to their contractual position have not necessarily been addressed. Others, as indicated in the section on Degree structure and design (page 44), have provided a degree structure which “fits” the existing institutional contractual position and overall infrastructure.

4.40 The “other duties” of academic staff were wide-ranging, from supervising project placements, chasing some of the required manual workarounds for some institutional processes, to facilitating the use of an external bulletin board to enable good communication for groups of students.

4.41 At least one senior academic made the point that the leading institutional researchers would be encouraged to undertake their research during the summer months and that there

would be concern about the impact of summer delivery on research activity. The clear implication of this view is that additional teaching staff would be required.

4.42 There were a number of views expressed by interviewees concerning the most cost-effective methods of delivery. One institution described the ideal approach as follows:

*“[The creation of learning materials must be] used to facilitate delivery to as wide a range of students on multiple awards / modules [which implies] they are shared between faculties.”*

It was acknowledged that this would require a considerable degree of cultural and institutional change, which would be likely to result in not insubstantial costs. It also appears that there would need to be strong incentives for institutions to consider this path of change.

4.43 One of the other issues, consistently mentioned across all institutions, was the need to select carefully the students applying for two-year accelerated degree. In the majority of cases, all applicants were interviewed and encouraged to undertake an accelerated degree only if they had the aptitude and commitment. It was considered that it was necessary for them to be: *“well motivated and usually mature”*.

Also:

*“Subjects are not as important as the type of student. [We allow] moves from two-year to three-year and vice-versa.”*

*“[We choose] well motivated students (such as ex-police and ex-army) with very few 18-year-olds overall.”*

*“There are very strict criteria for progression [though we do accept] 18-year-olds and not all necessarily fail to go into the second year.”*

*“Students are bright, demanding and special.”*

4.44 At least one institution participating in the Pathfinder Project mentioned the additional workload involved in recruiting widening participation or mature students with pre-existing qualifications. A detailed review of APeL<sup>16</sup> was often required and the institution mentioned the possibility of charging applicants for this element of recruitment in future.

4.45 One of the key issues mentioned repeatedly by those interviewed as part of this project was academic and general staff resistance to the introduction of two-year accelerated degrees and summer working. Some academic colleagues appeared to regard this as inappropriate for all types of subject. Humanities and the creative arts were thought to need more time to *“soak up”* ideas and to read widely. Others interviewed referred to the *“time to breathe”* and had fundamental objections to applying this model to all types of students as some *“required more time”*.

Some academic leaders, particularly where there was experience of flexible learning, took the opposite view and believed that two-year degrees:

*“Maximise the use of [our] key costs such as the estate and staff time [and that] student perceptions indicate a need for spread and to be cost effective.”*

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<sup>16</sup> APeL – Accreditation of Prior experiential Learning.

Another senior member of staff indicated that:

*“There had to be a move away from traditional delivery and the main problem is staff attitudes and resistance to change.”*

**4.46 The study attributes high confidence that there would be a significant cost impact on academic activities (delivery and “other” duties) in the event of an increase in the number of two-year accelerated honours degrees.**

4.47 Estates and facilities (including catering)

The comments outlined earlier indicate that staff working in estates do not regard an increase in two-year accelerated honours degrees as anything but a positive development, in particular to maximise under-utilised space. However, there is evidence (outlined previously) that the provision of teaching space for dual cohorts of students is an issue for academic staff and central services. This would need to be addressed in the event of any expansion of two-year accelerated honours degrees.

**4.48 The study has high confidence that there are no major cost impacts for estates, but that space issues would need to be addressed appropriately.**

4.49 Student resources and support (including library, IT, student support services)

It is likely that, as part of wider institutional change processes which may be required to achieve greater flexibility, student resources and support will change slightly. However, this has been described in one student support area as:

*“[needing] a re-conceptualisation of the use of these resources and services and the introduction of a new model of support rather than necessarily requiring more resource”.*

4.50 It was noted by one institution that there has been “*vociferous demand*” for services from the library and this has been facilitated through 24/7 opening hours and the use of “out of hours” services for routine queries. It is unlikely, however, that this was devised primarily for two-year accelerated honours degrees, as all students are now requiring summer access to facilities such as library and IT. However, should the numbers of two-year accelerated degree students increase, it is likely that there would be a cost impact in terms of support.

**4.51 The study attributes medium confidence that there will be a cost impact on student resources and support should the number of two-year accelerated honours degrees increase.**

4.52 Institutional administration (including academic calendar; timetabling; learning space availability)

Many of those interviewed for this study acknowledged the need to fundamentally change some of the aspects of student administration in order to facilitate greater flexibility of delivery.

4.53 Issues in relation to the academic calendar were numerous:

*“There was acute “assessment jamming” and also this applied to resits.”*

*“[We had] resits, clearing, marking all at the same time. One example had exams finishing on the 18<sup>th</sup> May and the commencement of teaching was 31<sup>st</sup> May. Barely ten days!”*

*“[There was] an urgent need for results in August if students were to commence their Masters or PGCE. Sometimes we were handing out results to students as they queued to enrol for the next award.”*

4.54 Administration was also a major issue for two-year accelerated honours degrees particularly as most of the institutions involved in the Pathfinder Project appear to have undertaken manual workarounds rather than integral changes to administrative processes:

*“[Administration was the] biggest single issue. [It was] locally picked up which is too much of a strain. Also the central services cannot turn it around quickly enough for the award. The academics find a compromise or pragmatic workaround.”*

4.55 The administration and organisation of teaching spaces during the summer period was brought up during the interview processes. It is challenging to judge how much of an issue this was in reality, but it seems clear that, when cohorts are brought together to allow economies of scale, the dual size does present some problems, both for delivery and also in some cases for examinations in certain institutions.

**4.56 The study attributes medium to high confidence that there would be a cost impact on institutional administration in the event of an increase in the number of two-year accelerated honours degrees.**

## **Sustainability**

4.57 Many of those interviewed for this project believed that the existing two-year accelerated honours degrees were sustainable in their present form, but, in many cases, any increase in number was not possible. The main reasons appear to be that some of the institutional issues, already outlined in this report, had not been addressed:

*“[Substantial growth in numbers] would mean “academic issues” would need to be considered, staff contracts would need to be reviewed ... and there would be bigger practical issues which have not necessarily been addressed at an institutional level.”*

*“[We would] need to have a major re-structuring of institutional culture. [The] current delivery is built on the goodwill and enthusiasm of academic colleagues. Managerial and institutional aspects have not been addressed.”*

*“Academic contracts would need to change. [It is] not a physical, but a human capacity that is the issue.”*

4.58 Some two-year accelerated honours degrees already running were not able to expand their student numbers substantially, and many admitted that they would remain in tick-over mode until such time as some of the institutional and/or national issues were addressed. Others have a cohort size which is variable, but is within a range that the school or faculty can accommodate comfortably.

4.59 A number of those interviewed indicated the need for sustainable models of delivery in relation to two-year accelerated honours degrees. The two plus one model of the two-year accelerated honours degree followed by a PGCE, professional qualification such as the Legal Practice Course, or Masters, was very practical and a strong motivator, particularly for those looking at a career change or wishing to move rapidly into work. At least one institution offered a 2+1 approach, employing a work placement (i.e. a two-year accelerated degree plus one year's work placement at the end of either year). The work placements were popular, as students believed they enhanced employment prospects.

4.60 Some institutions felt that they did need to “*package things better*” to enable this model to work effectively. They also believed that the modes of delivery would need to be considered in a more flexible manner:

*“Modes of delivery need to be considered: MBA in blocks; delivery in the workplace; an increase in 2+1 would assist the institution to increase the amount of postgraduate delivery.”*

4.61 The main obstacle to the delivery of two-year accelerated honours degrees was consistently perceived to be funding which needed to be “*at least the equivalent of a three-year degree*”<sup>17</sup>:

*“[The need for] an increase in HEFCE funding is a given.”*

These comments are based on the perceptions of the interviewees. Two-year accelerated degrees deliver the same number of credits as three-year degrees (albeit over a shorter period of time). The perceptions appear to be based on the view that the cost per credit remains the same for both types of delivery.

Partially as a result of these perceptions, some institutions were not considering any expansion of their two-year accelerated degree portfolios:

*“[We] are undertaking no further development of the two-year accelerated degree. Currently the ones running are cross-subsidised by the faculty.”*

4.62 Other interviewees believed that it was a greater issue than just funding. There was a perception that higher education was geared to delivering over a three-year period and that this was reinforced by the HEFCE funding model.

*“[There is] risk-averse funding which focuses on full-time and three-year delivery to students.”*

4.63 This was often combined with the belief that the current public funding model was risk-averse. This was discussed in the original report produced by one of the pathfinder institutions:

*“The current funding model facilitates the provision of mass higher education but does not, as far as can be discerned from this project, encourage change. Where there are popular well recruiting programmes, there is little incentive to move away from the security of standard three-year undergraduate programmes. Indeed, it might be said that there could be severe risks in so doing. This produces a climate of risk aversion, where new forms of provision are required to prove that they will have a viable uptake before they are ventured upon, whereas in practice it is very difficult to prove feasibility of new kinds of provision in advance of their trial.”*

To “*break this mould*” was regarded as challenging for institutions:

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<sup>17</sup> Two-year accelerated degree students attract HEFCE-funding per FTE plus the targeted allocation for accelerated and intensive provision. Ref: [http://www.hefce.ac.uk/pubs/hefce/2008/08\\_33/](http://www.hefce.ac.uk/pubs/hefce/2008/08_33/). In addition, such degrees attract two years of student fees.

*“Faculties have no incentives to diversify due to the funding model. They must achieve their targets and bring in the funds – in many ways it is now their job to be risk-averse.”*

4.64 Suggested alternatives to the current HEFCE funding model included a proposal for a credit-based model linked to the duration of the award. This was considered by some to allow for flexibility and for a number of delivery models to run in parallel. It was acknowledged that this model could be perceived to reward “failure” if students leave before the end of the award. However, other institutions believed this was not an issue:

*“The institutional philosophy is that flexibility is good for the institution and the student. We already operate a credit-based system where, no matter what, most students can leave with something. There is an active recognition that they are part of something bigger and can come back for more.”*

4.65 The growth of two-year accelerated delivery was still also perceived positively by a number of those interviewed, although:

*“Viability would be assisted by becoming a more significant element of the institutional portfolio. Perhaps not even dependent upon campus attendance”.*

4.66 A further issue in relation to the sustainability of two-year delivery was perceived, by academic staff in particular, to be the Bologna Process<sup>18</sup>:

*“Bologna Process a real block”.*

This intergovernmental process seeks to enable compatibility and comparability across the countries involved, creating a European Higher Education Area (EHEA). The Bologna Process outlines a qualification cycle (Bachelors/Masters/Doctorate), and initially specified the Bachelors cycle as requiring a three-year programme of study. Length of study as opposed to a focus on learning outcomes has been the subject of some discussion within Bologna circles, but no definitive statement on two-year accelerated delivery within the first (Bachelors) cycle has been made. Two-year accelerated honours degrees fulfil the requirements of level 6 of the Framework for Higher Education Qualifications for England, Wales and Northern Ireland (FHEQ)<sup>19</sup>, the same as for three-year degrees, and the FHEQ has been certified as compatible with the Qualifications Framework of the European HE Area<sup>20</sup>, but there still remains some uncertainty around acceptance by other countries of accelerated degrees.

There does appear to be some confusion amongst the pathfinders in relation to this issue, as at least one institution did not perceive that there was any difficulty with Bologna:

*“Bologna? The most recent changes seem to indicate that there is no problem.”*

**4.67 The study attributes medium confidence that there appear to be misperceptions regarding funding and regulatory issues in relation to two-year accelerated honours degrees in the higher education sector.**

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<sup>18</sup> The Bologna Process is continuing and the latest information is available from the Bologna Process website:

<http://www.ond.vlaanderen.be/hogeronderwijs/bologna/about>

<sup>19</sup> <http://www.qaa.ac.uk/academicinfrastructure/FHEQ/EWNI08/default.asp>

<sup>20</sup> <http://www.ond.vlaanderen.be/hogeronderwijs/bologna/qf/overarching.asp>

**4.68 The study attributes medium to high confidence that there is a significant cost impact with regard to the sustainability of two-year accelerated honours degrees.**