

# Diverse provision in higher education: options and challenges

**Report to the Department for  
Business, Innovation and Skills  
in July 2010**

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# **Diverse provision in higher education: options and challenges**

## **Report to the Department for Business, Innovation and Skills in July 2010**

### **Explanatory note**

1. This report was originally produced as advice to the Department of Business, Innovation and Skills (BIS) in July 2010. It was therefore written in a different context, before the Browne Review and changes to higher education policy announced in late 2010. The document below is published as originally submitted to BIS, and does not reflect this changed context. Nor have we generally made changes of tense, for example.
2. The Secretary of State for Business, Innovation and Skills requested, in our grant letter for 2011-12, that we make the report publicly available. Readers are asked to bear in mind throughout their reading the date at which the report was requested (December 2009) and when it was finalised and submitted to BIS (July 2010). They are also asked to note that the wording reflects it being written as advice to the Secretary of State. We hope that it provides a useful resource for those interested in discussing, exploring, and promoting flexible and innovative forms of provision. Please direct any enquiries about this publication to Sheila Wolfenden (tel 0117 931 7301, e-mail [s.wolfenden@hefce.ac.uk](mailto:s.wolfenden@hefce.ac.uk)).

### **Executive summary**

#### **Purpose**

3. This report was produced in response to a request in our grant letter for 2010-11, issued by the previous Government. In that grant letter, the then Secretary of State indicated that he wished to see a shift away from full-time three-year degrees and towards a wider variety of provision. He asked us to assess current trends in demand, and to provide initial advice as to how 'diverse provision' can be encouraged.
4. After the general election in May 2010, the Department for Business, Innovation and Skills informed us that:
  - a. The request still stood following the change of Government.
  - b. The focus should continue to be on undergraduate provision that differs from the 'standard offer' of an honours degree completed in three years through full-time study.
  - c. The 2010-11 grant letter request was intended to support three policy priorities: widening participation; meeting the needs of employers; and providing value for money.

#### **Key points**

5. In this report we conclude that:

a. The higher education sector is already highly diverse. Although the full-time first degree is the most popular mode of undergraduate study, there is a strong part-time sector and students study a variety of undergraduate programmes, including foundation degrees, Higher National Diplomas and Certificates (HND/Cs), certificates of higher education, and other credit-bearing courses or modules.

b. Of the forms of diverse provision that we consider, some contribute towards widening participation and towards meeting the needs of employers. However, present evidence suggests that diverse forms of provision are rarely cheaper than the standard model, and often incur additional costs.

c. Demand for three-year full-time degrees currently outstrips supply and this discourages diversification: if institutions can easily recruit to target on standard programmes, they have less incentive to explore new models. To encourage a shift towards diverse provision, it would be necessary to change demand from students. This might be facilitated by a change in the student support regulations, but it would also require a cultural shift in the way in which young students, in particular, think about their route through higher education.

d. The financial climate may also discourage institutions from exploring forms of provision that are perceived as higher risk. The impact of the control on student numbers on diverse provision is as yet unknown; it may encourage part-time provision, but discourage institutions from offering shorter full-time courses such as HNC/Ds and foundation degrees.

e. We could use supply-side measures to encourage institutions to offer more diverse provision, but this would require funding. This funding could either be additional or diverted from full-time three-year degrees. The latter option would be controversial given the strong demand for full-time provision.

6. We consider three particular forms of diverse provision – foundation degrees, accelerated degrees and part-time provision – and conclude that:

a. Provision of foundation degrees has grown strongly since their introduction. But this growth has been supported by a number of funding incentives, including additional student numbers and the foundation degree premium/targeted allocation. It is unlikely that provision will continue to grow in a less favourable funding climate.

b. Accelerated honours degrees occupy a very small niche market, and appeal largely to older students. There is some potential for growth within this market, and this might be aided by a centrally co-ordinated information campaign (at present, many students do not know the accelerated route exists). Early evidence suggests that accelerated honours degrees may make an indirect contribution to widening participation. However, their credibility with employers, and outside the UK, is uncertain. The institutions that offer accelerated degrees believe that they are no

cheaper to offer than three-year degrees; we have commissioned a costing study<sup>1</sup> to assess whether evidence supports this view.

c. Institutions identified the student support regime as the main barrier to expansion of part-time provision. It is possible that more generous support arrangements for part-time students might lead to a growth in part-time provision, although we believe that it will continue to appeal largely to older learners. Some evidence suggests that attempts to encourage growth of part-time provision should concentrate on more intensive part-time provision (at 50 per cent, or greater, of the intensity of full-time study). This is because higher-intensity provision is more efficient in producing graduates, due to the higher completion rates. There may, in particular, be the scope to grow very high intensity part-time provision – that is, provision that offers an honours degree in four or five years. Given the right student support, this could provide a real alternative to the full-time route.

### **Action required**

7. This document is for information. No action is required by institutions.

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<sup>1</sup> Now published as 'Costing study of two-year accelerated honours degrees: Report to HEFCE by Liz Hart Associates (February 2011), available at [www.hefce.ac.uk/pubs/rereports](http://www.hefce.ac.uk/pubs/rereports).

## Introduction

8. This report arises from a request in HEFCE's grant letter for 2010-11<sup>2</sup>. The then Secretary of State for Business, Innovation and Skills, Lord Mandelson, wrote:

We want to see more programmes that are taken flexibly and part-time and that a learner can access with ease alongside their other commitments. We also wish to see more programmes, such as foundation and fast-track degrees, that can be completed full-time in two years. The underlying theme is providing for diversity. Over the next spending review period, we will want some shift away from full-time three year places and towards a wider variety of provision. I would like you to assess current trends in demand; to lead a debate on how diverse provision can be encouraged; and to give me initial advice by Summer 2010.

9. In this report, we address this request. Since we are providing initial advice, we do not make firm recommendations, but have instead identified a series of options which may merit further discussion. We believe that this balanced approach is appropriate, given the complexity of the task, and the change of Government that has taken place since the issuing of the 2010-11 grant letter.

10. We welcome further discussion, advice or information on any of the topics we address. We have discussed this report with officers in the current Department for Business, Innovation and Skills (BIS), and they suggested some topics that may be of interest to the new Government – where possible, we have addressed these.

### What is 'diverse provision'? And why is it important?

11. We were asked to consider how diverse forms of provision could be encouraged. From conversations with BIS, we established that our focus should be on undergraduate provision that differs from the 'standard offer' of an honours degree completed in three years through full-time study<sup>3</sup>. The 2010-11 grant letter asked us to pay specific attention to full-time foundation degrees and two-year accelerated degrees. But there are other, non-standard ways of engaging with and providing higher education, including part-time study, distance learning, work-related learning, mixed modes of study, franchising to local providers and involving private providers in various ways. In this report, for ease of reference, we refer to all the modes of study mentioned in this paragraph as 'diverse provision'.

12. We could not assess the potential for encouraging diverse provision without also considering the policy objectives behind the grant letter request. BIS advised us that the 2010-11 grant letter request was intended to address the following priorities:

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<sup>2</sup> 'Higher education funding 2010-11', paragraph 4. The grant letter may be read in full at [www.hefce.ac.uk/news/hefce/2009/grant1011/letter.htm](http://www.hefce.ac.uk/news/hefce/2009/grant1011/letter.htm).

<sup>3</sup> For this reason we have not focused, in this report, on alternative ways of delivering a bachelors degree over three years. We understand that topic is of interest to the new Government, and would be very willing to provide further advice on this.

- widening participation: promoting and providing the opportunity of successful participation in higher education to everyone who can benefit from it
- meeting employers' needs in terms of graduate employability and of improving the skills of those already in work
- providing value for money.

We refer back to these priorities throughout the report.

13. We also take into account, throughout the report, the importance of student needs and preferences. At times, these different priorities may conflict – for instance, options that address widening participation can require additional funding.

### **The evidence base**

14. This report draws on a range of sources. The student data derive largely from analysis of individualised student records collected annually by the Higher Education Statistics Agency (HESA). We also refer to earlier reports published by HEFCE, such as 'Part-time first degree study: Entry and completion' (HEFCE 2009/18)<sup>4</sup> and our surveys of non-regulated fees<sup>5</sup>. We have drawn on reports external to HEFCE, such as Universities UK's 2006 report on part-time students and part-time study. We have also relied heavily on conversations with institutions and with other organisations, such as the National Union of Students, which has helped us understand, more informally, some of the barriers to diverse provision. This has been particularly important in assessing students' motivations in choosing their paths through higher education, because HEFCE does not collect data on this topic.

### **The structure of the report**

15. The discussion that follows is organised into three parts. First, in paragraphs 23 to 63, we discuss the current higher education landscape, noting that while there is already an enormous diversity of higher education provision, the full-time first degree<sup>6</sup> continues to be the form of provision most frequently undertaken. In this section, we also discuss some of the factors that may encourage students to undertake diverse forms of study or inhibit them from doing so.

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<sup>4</sup> All HEFCE publications are available at [www.hefce.ac.uk/pubs](http://www.hefce.ac.uk/pubs).

<sup>5</sup> See 'Survey of fees for postgraduate taught and part-time undergraduate students' at [www.hefce.ac.uk/learning/funding/price](http://www.hefce.ac.uk/learning/funding/price).

<sup>6</sup> The term 'first degree' used throughout this report is based on the HESA definition of an honours or ordinary degree programme of study. For more details of this definition see paragraph 25. However, four-year sandwich courses or extended first degrees (such as integrated masters programmes) also fall within the HESA definition of 'first degree' and this should be noted when considering HESA-based statistics. Note also that the term 'first' in this context does not necessarily imply that it is an individual learner's first instance of study on a degree programme.

16. Second, in paragraphs 64 to 170, we identify three forms of diverse provision that may have some potential for growth, although the potential varies in each of the three cases. These are: foundation degrees; two-year honours degrees ('accelerated degrees'); and part-time provision. We assess their potential against the three priorities (widening participation, employers' needs and value for money) identified by BIS (see paragraph 12). In this part of the report, we also describe some of the factors that enable or facilitate diverse provision, including: distance learning; credit accumulation and transfer; and workplace learning.

17. Then, in paragraphs 171 to 210, we consider some of the ways in which HEFCE already supports diverse provision and identify further steps that could be taken to encourage a shift away from the traditional model of a full-time degree programme and towards other forms of study.

18. The report ends on a cautionary note: although we could, within limits, encourage institutions to provide more diverse forms of provision, the real challenge will be changing the demands and expectations of students, many of whom see a full-time, first degree programme as the natural progression from school or college. This change might be encouraged by appropriate financial incentives (for instance, changes to the student support regulations). But it would also require the sort of cultural shift that comes about slowly, and which it is difficult for policy-makers to prompt.

19. For this reason, the report concludes that it would be challenging to bring about a large-scale shift away from the traditional model of a degree programme, at least in the short term. In this report, we concentrate mainly on the fairly small shifts that we believe could realistically be achieved within the next two to three years. We also note that more ambitious changes may be possible in the longer term, although these would depend on changes to the funding environment (particularly the student support package). Since the report was written changes have started to be announced by the Coalition Government that are likely to have an impact on behaviour and attitudes toward diverse provision.

### **Data and definitions used in this report**

20. Throughout this report, all counts of entrants and/or students are given in terms of headcount, rounded up or down to the nearest five, although percentages are calculated and reported based on unrounded values.

21. When students are said to be 'at' a higher education institution (HEI) or further education college (FEC), the institution referred to is where the students are registered, not necessarily where they are taught. Any exceptions to this approach are clearly stated.

22. Throughout this report, we use the HESA definitions of full-time study. Full-time students are those normally required to attend an institution for periods amounting to at least 24 weeks within the year of study, on thick or thin sandwich courses<sup>7</sup>, and those on a study-

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<sup>7</sup> A sandwich course is a course that includes at least one work experience placement. This may be 'thick' (where two years are spent at university, a third in industry, and the final year at university) or 'thin' (where part of each year is based in industry).



related year out of their institution<sup>8</sup>. This means that a small number of students, such as those studying through distance learning, may study for 120 credits a year and yet not be counted as full-time.

## The higher education landscape

23. This section describes the numbers of students registered on full-time first degree programmes of study as well as in diverse forms of provision such as foundation degrees, part-time study and accelerated degrees. It also identifies the characteristics of students studying on different modes and levels of provision, and notes trends when this is possible. Unless otherwise indicated, data are drawn from analysis of the HESA student records. Figures are based on the HESA standard registration population<sup>9</sup>, and focus on 2008-09 entrants to English higher education institutions who lived in either the UK or other EU countries before starting their courses ('UK- and EU-domiciled') unless otherwise specified.

24. All the programmes described below, in paragraphs 27 to 55, fit within the Framework for Higher Education Qualifications in England, Wales and Northern Ireland<sup>10</sup>. For example, first degrees (including honours and ordinary, full-time and part-time, and sandwich degrees) terminate at Level 6. Foundation degrees and Higher National Diplomas (HNDs, both full and part-time) terminate at Level 5, and Higher National Certificates (HNCs) at Level 4. Integrated masters terminate at Level 7. The Framework makes no reference to the time taken to complete an award, so part-time qualifications and accelerated degrees are not mentioned separately. Accelerated degrees, since they are honours degrees but taken in intensive mode over two years, are included within the honours degree designation at Level 6.

25. It should be noted that the modes of study described are not always exclusive. For instance, some students move from full-time to part-time study, or vice versa, and a student with a foundation degree might 'top-up' to a first degree.

26. Some key statistics for 2008-09 are:

- 57 per cent of entrants were studying full-time and 43 per cent were studying part-time
- 33 per cent of part-time entrants were studying at the Open University (OU)
- 58 per cent of entrants were studying for a first degree
- 85 per cent of full-time entrants were studying for a first degree, compared with only 22 per cent of part-time entrants

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<sup>8</sup> During that time students are normally expected to undertake periods of study, tuition or work experience amounting to an average of at least 21 hours per week.

<sup>9</sup> Further information regarding the definition of the HESA standard registration population is available at [www.hesa.ac.uk/index.php/content/view/97/136/](http://www.hesa.ac.uk/index.php/content/view/97/136/).

<sup>10</sup> The Framework describes the achievement represented by higher education qualifications. For more details see [www.qaa.ac.uk/academicinfrastructure/FHEQ/default.asp](http://www.qaa.ac.uk/academicinfrastructure/FHEQ/default.asp).

- 6 per cent of entrants were studying for a foundation degree, less than 2 per cent for an HND or HNC
- 63 per cent of full-time students were under 20, compared to 6 per cent of part-time students.

### **Full-time first degrees**

27. The full-time first degree continues to be the form of undergraduate provision most frequently undertaken. The HESA definition of a first degree includes honours degrees, ordinary degrees and integrated masters degrees, but it does not include foundation degrees.

28. In 2008-09, the total entrant headcount<sup>11</sup> across all undergraduate qualifications was 654,550. Of these, 378,135 (58 per cent) were registered on first degree programmes of study. Of those first degree entrants, 316,785 were studying full-time (accounting for 48 per cent of the total entrants and 84 per cent of first degree entrants). These proportions have remained fairly consistent over the past five years.

29. In many cases, full-time first degree provision will reflect the traditional model of a three-year degree programme, although four-year sandwich courses or extended first degrees (such as integrated masters) are also part of the HESA definition of 'first degree'.

30. Full-time first degree students form a much larger proportion of the student population at research-intensive institutions than at others.

31. Characteristics of full-time first degree entrants in 2008-09 include:

- a. They were typically young (that is, aged 20 or below on entry to their course). The mean age of entrants to full-time first degrees in 2008-09 was 20.4, compared to a mean age of 33.8 for part-time first degree entrants (the mean conceals a wide range of ages including some young students).
- b. Fifty-five per cent were female, compared to 62 per cent of part-time first degree entrants.
- c. Of those who gave details of their ethnicity, 24 per cent were of minority ethnic origin; this proportion was 14 per cent among part-time entrants.
- d. Twelve per cent came from low-participation neighbourhoods<sup>12</sup>, compared to 16 per cent of those studying part-time.

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<sup>11</sup> Total entrant headcounts are based on all UK- and EU-domiciled entrants registered at English HEIs, studying full- or part-time and commencing any undergraduate programme of study. This includes, among others: foundation degrees, HNDs and undergraduate certificates or diplomas.

<sup>12</sup> A low-participation neighbourhood is defined as the bottom quintile (quintile 1) from HEFCE's Participation of Local Areas (POLAR2) classification. For more information see [www.hefce.ac.uk/widen/polar](http://www.hefce.ac.uk/widen/polar)

## **Part-time first degrees**

32. In 2008-09, 16 per cent of UK- and EU-domiciled first degree entrants (61,350 students) were studying part-time. This includes 36,010 students registered at the OU, representing 59 per cent of all UK- and EU-domiciled part-time first degree entrants.
33. At the OU<sup>13</sup>, 29 per cent of part-time first degree entrants were studying at 0.5 full-time equivalent (FTE) or higher in 2008-09. At other English HEIs, this proportion was 58 per cent.
34. The vast majority of part-time first degree students study at teaching-intensive institutions. In 2008-09, 92 per cent of part-time entrants were at institutions which were previously funded either directly by the Government or by the Polytechnics and Colleges Funding Council. This group includes the OU and institutions which were previously polytechnics.
35. Part-time first degree students registered at English HEIs showed marked differences from full-time first degree students in both age and ethnicity. As noted in paragraph 128, the mean age for part-time entrants studying at 0.5 FTE or more was 12.5 years higher than for full-time students, and 14.3 years higher for students studying at less than 0.5 FTE. In general, the lower the intensity of study, the older the student. As noted in paragraph 31, fewer part-time entrants identified themselves as being of minority ethnic origin and more part-time entrants come from low-participation neighbourhoods.
36. If we consider individual subject areas, the part-time cohort generally accounts for between 10 and 20 per cent of total first degree entrants. For the subject areas Mass communications and documentation, Creative arts and design, and Agriculture and related subjects, fewer than 10 per cent of first degree entrants study part-time. For Medicine and dentistry, and Veterinary sciences, less than 1 per cent study part-time. Among those studying Combined subjects, Education and Subjects allied to medicine, more than 20 per cent of entrants studied part-time.

## **Foundation degrees – full and part-time**

37. In 2008-09, 6 per cent of all UK- and EU-domiciled students registered on a first degree or other undergraduate programme at an English HEI were studying for a foundation degree. The proportion of students studying for foundation degrees has more than doubled since 2004-05, increasing its share of the undergraduate market from 2 per cent to 6 per cent. The proportion of foundation degree students studying full-time and part-time has remained at a roughly 60/40 split over this period.
38. Characteristics of full-time foundation degree entrants include:
- a. They are on average 4.9 years older than first degree students, at 25.3 years.

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<sup>13</sup> We have split the population here between OU students and others because of the marked differences in how study is recorded in administrative records for an OU programme of study in comparison to part-time programmes provided by other English HEIs.

- b. Fifty-three per cent are female.
  - c. Nineteen per cent of those who stated their ethnic background are of minority ethnic origin, about 5 per cent fewer than first degree entrants.
  - d. As with first degrees, part-time foundation degree students study at differing levels of intensity: 71 per cent of these are at 0.5 FTE or above. This group is on average 2.6 years older than those who study at less than 0.5 FTE, but the two groups differ little in terms of gender, ethnicity and low-participation neighbourhood.
39. The differences in characteristics between full-time and part-time foundation degree entrants are more pronounced.
- a. Part-time foundation degree students are on average 8.8 years older than full-time students, at 34.1 years.
  - b. Sixty-four per cent of part-time foundation degree entrants are female, compared to 53 per cent of full-time foundation degree entrants.
  - c. Twelve per cent of part-time students who stated their ethnic background are of minority ethnic origin, compared to 19 per cent for full-time entrants (and 14 per cent for part-time first degree entrants).
40. Due to weaknesses in the data relating to franchise arrangements, we do not have accurate data on where foundation degrees were taught for 2007-08 and 2008-09. However, we can assume that the split by institution for 2008-09 will be broadly similar to the 2006-07 figures given in 'Foundation degrees: key statistics 2001-02 to 2009-10' (HEFCE 2010/12). Of full-time foundation degree entrants registered in England in 2006-07, a large majority were being taught either at a further education college (65 per cent) or at a teaching-intensive higher education institution. A roughly similar pattern is true of part-time foundation degree students, although a slightly larger proportion were taught at research-intensive institutions.

### **Other forms of provision**

41. Although the traditional three-year honours degree is the most common form of provision, it is important to highlight some of the other forms of provision offered by institutions. In paragraphs 42 to 51, we describe some of the different modes of study.

#### **Accelerated degrees**

42. Two-year honours degrees (or 'accelerated degrees') cover the same curriculum and content, and deliver the same number of credits (360), as a three-year degree. Accelerated degrees are delivered over three semesters a year instead of two, with the traditional summer holiday period being used to teach the third semester.

43. Seven institutions have piloted accelerated degree programmes through HEFCE's development funding for 'Flexible Learning Pathfinders'. According to data returns for the academic year 2008-09, there were 390 students enrolled on 20 accelerated degree courses

across the participating institutions. In accordance with the request from the Secretary of State, accelerated degrees are one of the areas we examine in this report<sup>14</sup>.

### **Integrated masters**

44. Integrated masters degrees are of up to five years' duration and integrate a period of undergraduate study (three or four years) with a masters degree, leading to a single classified award at the end of the programme. These programmes are common in professionally accredited areas of study such as engineering, but are also found in the physical sciences, humanities and social sciences.

45. In 2008-09, there were 13,545 UK- and EU-domiciled undergraduate entrants registered on integrated masters courses at English HEIs (including the OU). This represented 2 per cent of the total undergraduate entrant headcount for English HEIs.

### **Sandwich courses**

46. These incorporate work experience or language training as part of the programme of study, most commonly during a 'sandwich year', although sometimes work experience is integrated throughout the course. Undergraduate degrees involving a sandwich year typically last for four years. During the extra year, the student will go to work with an employer, organisation or department in their subject field or spend a year living and working in another country.

47. In 2008-09, 7 per cent of undergraduate students were taking sandwich courses. This has declined from 10 per cent in 1998-99.

48. In the majority of cases, students undertaking an Erasmus<sup>15</sup> or other non-Erasmus study year abroad are not included in the figures above. 'Attainment in higher education: Erasmus and placement students' (HEFCE 2009/44) provides a concise analysis of such students. It shows that while numbers graduating with a first degree that had included a sandwich year declined over the period considered, numbers graduating from a first degree course that included an Erasmus or other year abroad remained largely static.

### **HNDs, HNCs and shorter courses**

49. Aside from foundation degrees, a significant proportion of students are enrolled on 'other undergraduate' courses. These include HNCs, HNDs and other certificates, diplomas

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<sup>14</sup> We are aware that a small number of publicly funded institutions may offer accelerated degrees outside the Flexible Learning Pathfinder programme. However, we do not currently collect data on this and can only rely on informal sources. We have also been advised by the Open University that a small number of its students are studying at an intensity of more than 120 credits per year, although not all of these will be aiming for a first degree nor will they maintain this intensity throughout the duration of their study.

<sup>15</sup> Erasmus is the European Commission's flagship educational programme for higher education students, teachers and institutions. It was introduced with the aim of increasing student mobility within Europe and forms part of the EU Lifelong Learning Programme (2007-2013). For further information see [www.britishcouncil.org/erasmus-about-erasmus.htm](http://www.britishcouncil.org/erasmus-about-erasmus.htm)

and credit-bearing courses offered as continuing professional development and 'leisure learning', but exclude foundation degrees, which are discussed in paragraphs 37 to 40.

50. In 2008-09, there were 4,980 new entrants for full-time HNCs and HNDs at higher education institutions<sup>16</sup>: 19,245 for undergraduate certificates and diplomas, and 9,340 on 'other undergraduate' courses ('other undergraduate' courses include credit-bearing courses or modules offered by institutions at below degree level). See discussion on higher education undertaken in FECs, paragraphs 52 to 55.

51. Altogether, students registered for 'other undergraduate' courses at HEIs (not including foundation degrees) represent 9 per cent of all full-time undergraduate new entrants. In the equivalent part-time undergraduate cohort, 73 per cent of students are registered on 'other undergraduate' courses at HEIs. Of this part-time 'other undergraduate' group, 83 per cent are studying at less than 0.5 FTE.

### Higher education undertaken in further education colleges

52. All figures given in paragraphs 27 to 51 describe study registered at English HEIs: they capture activity that is registered at an HEI and taught at an FEC, but not activity that is both taught and registered at an FEC. Such provision may be markedly different to that registered at an HEI.

53. In 2007-08, 107,850 undergraduates (across all qualification aims) were being taught higher education courses at an English FEC<sup>17</sup>. This amounts to approximately 7 per cent of the total undergraduate population. Approximately half of these students are taught and registered at an FEC. The other half are registered at and funded via an HEI, but taught at an FEC.

54. In 2007-08, 47 per cent of students taught at FECs were studying part-time. Among full-time undergraduates taught at FECs: 32 per cent were studying for a first degree; 44 per cent for a foundation degree; 22 per cent for an HNC or HND; and 2 per cent for other undergraduate qualifications. For the equivalent part-time cohort, these figures were 9 per cent, 27 per cent, 35 per cent and 29 per cent, respectively.

55. We note that these figures include undergraduates in any year of their programme of study. Figures are not currently available to consider the totality of undergraduate **entrants** studying at English HEIs and FECs. However, we know that significant volumes of foundation degree, HNC and HND study – typically shorter courses – occur at FECs. This, and the volume of part-time study at FECs, means that we would anticipate up to 10 per cent of the total undergraduate **entrant** population registered at institutions in England being taught at FECs.

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<sup>16</sup> The figures in paragraphs 48 and 49 include entrants at higher education institutions only. There are many more HNC/HND entrants at FECs, which could possibly double these figures.

<sup>17</sup> Regardless of the type of institution at which those undergraduates were registered.

## **Student preferences for diverse provision**

56. A shift towards diverse provision would need to be accompanied by a change in demand from students. In this section, we discuss some of the factors we believe may influence students as they choose their mode of study. These are based mainly on our discussions with the sector and with the National Union of Students.

### **The appeal of the traditional route**

57. As discussed in paragraphs 27 to 31, the evidence continues to show that most young entrants to higher education prefer to study full-time for a three-year undergraduate degree, choosing an institution on the basis of the course they wish to study and the student experience they wish to have. It is unlikely that this situation will change significantly in the short term, because young entrants still see their time as a full-time student, both academically and socially, as a key part of their life experience. A large proportion of these students qualify for some type of student support package, and current evidence shows that they are not deterred by present levels of tuition fees and, increasingly, levels of debt.

58. In contrast, mature students tend to prefer a part-time programme at a local institution with provision structured to fit around work or family commitments. The OU also attracts a significant proportion of mature students. Their motivations are more likely to be around progression in work and increasing their knowledge, as opposed to a desire to experience life as a student. This pattern is supported by the statistics discussed in paragraphs 32 to 36 and by the findings of the 2008 Institute for Employment Studies report 'University is Not Just for Young People: Working Adults' Perceptions of and Orientation to Higher Education'<sup>18</sup>. However, increasingly, our discussions with institutions suggest that there is appetite for some change: as modes of delivery become more flexible and other aspects such as financial commitment become increasingly part of the decision-making process, more students are looking at other ways of engaging with higher education.

### **The appeal of diverse provision**

59. A number of alternative modes of delivery already exist, such as distance and blended learning, work-based learning, and intensive block provision. They have opened up the choice available for both young and mature students. Diverse provision may also have increased participation from students who may never have thought of studying for a higher education qualification, because the different options available are likely to appeal to different groups, depending on their own aspirations and circumstances.

60. But some modes, such as distance or blended learning, can be isolating, especially for those new to study, because there is less opportunity to engage in the wider university experience, so alternative support mechanisms must be in place to help students through their programmes of study and help them gain the most from their individual student

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<sup>18</sup> Available at: [www.employment-studies.co.uk/pdflibrary/dius0806.pdf](http://www.employment-studies.co.uk/pdflibrary/dius0806.pdf).

experience. Students will also want to be sure, before pursuing more diverse forms of provision, that employers will recognise the qualifications.

61. Students without home or work commitments are still keen to engage with full-time study (as supported by the statistical data referenced in paragraph 57). They may still move away from home to study but, despite generous student support packages, are increasingly taking on jobs to support themselves. Increased flexibility around the curriculum, support services and access to facilities could help balance their desire to learn with the need to fund their studies and lifestyles, and avoid ever more significant debt.

62. An increase in workplace learning and a renewed emphasis on continuing professional development have led to other changes in the way students make choices, and the type of student coming into higher education. The HEFCE Workforce Development Programme has allocated £148 million to facilitate interaction between business and universities, and to increase the number of students up-skilling in the workplace. These students tend to behave in similar ways to mature, part-time students with work or family commitments, but a significant part of their study can be done in the workplace or based around workplace issues. This type of study is often supported by online or intensive interaction with the university and can sometimes be easier to fit around existing lifestyles than separate part-time study. Some or all of the tuition fees may be paid by the employer, plus living costs are unlikely to change. The students' costs associated with this type of study tend to be in time as opposed to direct financial costs.

63. If there were a significant change in the arrangements for student fees and student support, we might see students increasingly exploring diverse forms of provision. Provision delivered locally or through distance learning may become more popular, because it will allow students to study while living at home. There may also be an increased demand for part-time provision, for students who want to work substantial hours while studying. However, it is difficult to speculate in any detail as to how such changes will shape student preferences, particularly while the recommendations of the Independent Review of Higher Education Funding and Student Finance<sup>19</sup> are still unknown.

## **Provision with the potential for growth**

64. In this section, we focus on three forms of diverse provision which may have the potential for growth. Two of these were identified in the grant letter: foundation degrees and two-year accelerated degrees. We have also chosen to focus on part-time provision.

65. We also discuss features of higher education that, while not properly regarded as diverse forms of provision in their own right, could be seen as enabling or facilitating

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<sup>19</sup> The Independent Review of Higher Education Funding and Student Finance, led by Lord Browne, was tasked with making recommendations to Government on the future of fees policy and financial support for undergraduate and postgraduate students. Its final report, 'Securing a sustainable future for higher education in England' (October 2010), is available at <http://hereview.independent.gov.uk/hereview/report/>.



diversity. These include: credit accumulation and transfer; work-related learning; higher education in FECs; and distance learning.

## **Foundation degrees**

### **The current situation**

66. Foundation degrees, which were established in 2001-02, are flexibly delivered qualifications developed in partnership with employers and intended to widen access to higher education. They are designed to be undertaken:

- by adult learners already in work, or as a vocational route through higher education for young learners or apprentices
- as part of an honours programme, higher apprenticeship (or route to professional practice), or as a qualification in their own right
- as a vocational training route for recent honours graduates, or a route for employees wishing to change careers.

67. Since 2001, HEFCE has invested £1 billion in foundation degrees and in Foundation Degree Forward (FDF)<sup>20</sup>, to support development and to encourage conversion from HNDs to foundation degrees. Funding has also been allocated to incentivise growth (for example, additional student number (ASN) growth was restricted to foundation degrees in 2004-05 and foundation degrees were prioritised in other years).

68. Although initially an entirely new qualification, foundation degrees are now well established and recognised in the sector, and in general by employers, to the extent that they should arguably be regarded as part of the higher education mainstream, rather than a 'diverse' form of provision. In 2008-09, foundation degrees totalled 6 per cent of all undergraduate provision in England, with almost 100 HEIs (predominantly teaching-intensive institutions) and more than 200 FECs delivering foundation degrees. The Higher Education Students Early Statistics and Higher Education in Further Education: Student surveys showed 99,475 foundation degree enrolments in 2009-10 (including 53,750 entrants), a little short of the Government's 100,000 target for 2010-11<sup>21</sup>.

69. One of the strengths of foundation degrees is their diversity. Although there is no nationally prescribed curriculum, foundation degrees have a distinctive qualification benchmark statement<sup>22</sup> which emphasises flexibility, accessibility, progression, employer engagement and partnership as key characteristics. Foundation degrees tend to

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<sup>20</sup> In 2003, FDF was established to support and promote foundation degrees. FDF has since provided a range of services for employers, students and information providers about existing foundation degree courses, as well as advice on developing new courses and employer engagement. For more information see [www.fdf.ac.uk](http://www.fdf.ac.uk).

<sup>21</sup> For further information see HEFCE 2010/12.

<sup>22</sup> See 'Foundation Degree qualification benchmark' (May 2010 – second edition) available at [www.qaa.ac.uk/reviews/foundationDegree/benchmark/FDQB.pdf](http://www.qaa.ac.uk/reviews/foundationDegree/benchmark/FDQB.pdf).

predominate in specific sectors such as creative industries and education: in 2008-09, education, creative arts and business together accounted for 45 per cent of full-time entrants, and 54 per cent of part-time entrants. Foundation degrees have had limited penetration in other areas such as physical sciences where, arguably, HNC/D qualifications were well established (there remain around 20,000 home<sup>23</sup> HNC/D students at HEIs in England, where engineering and technology disciplines continue to be one of the subject areas most commonly studied).

70. Growth trends in foundation degrees to date have varied with no clear pattern emerging. Between 2001 and 2009 (inclusive), there has been an average increase of 6,000 entrants per year. However, the growth has been uneven, with a smaller absolute increase from 2008-9 to 2009-10 than from 2007-08 to 2008-09. We believe that the strong growth of foundation degrees has been supported by a number of factors, including: the availability of fully funded growth in student places; incentives for conversions from HND programmes; national initiatives to raise the standing and skills of associate professionals, such as teaching assistants, which have often used foundation degrees as their preferred qualification vehicle; and exemption from the equivalent and lower qualifications (ELQ) policy<sup>24</sup>, which could be associated with a rise in numbers from 2008 to 2009.

71. Foundation degrees receive the same levels of HEFCE core funding per year as three-year degrees. Until 2009-10, they also received additional funding of approximately 10 per cent through the foundation degree targeted allocation, which was introduced to recognise the additional costs of working with employers in the delivery and development of foundation degrees. This targeted allocation will be phased out over two years, starting in 2009-10, in response to the Government's request for efficiency savings. Full-time foundation degrees are subject to the same fee cap as three-year degrees, although some institutions (particularly FECs) elect to charge less.

#### Foundation degrees and higher apprenticeships

72. A number of Sector Skills Councils have worked with employers and universities and colleges to develop Higher Apprenticeships. Existing legislation requires that this provision is at higher education Level 4. These Higher Apprenticeships are relatively small in number and concentrated in a small number of sectors (such as financial services, engineering and IT telecoms sectors). In some cases, a foundation degree (or other higher education qualification) is included as the technical certificate or the vocational qualification within the overall framework alongside higher National Vocational Qualification (NVQ) and key skills elements. Where this is the case, the higher education qualification is fundable by HEFCE; the other elements of the framework are fundable by the Skills Funding Agency. We do not

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<sup>23</sup> UK-domiciled students registered at HEIs in England.

<sup>24</sup> This is the policy of not providing funding to HEIs and FECs to teach students who are studying for a qualification that is equivalent to, or lower than, one they have already achieved. The policy came into effect from the 2008-09 academic year.

currently capture data that distinguish higher education qualifications being taken as part of an apprenticeship.

73. Research by FDF and the Universities Vocational Awards Council suggests a strong need for awareness-raising about Higher Apprenticeships, and strategic support to increase progression. There are also fundamental issues relating to widening participation, cost effectiveness and the appropriateness of content:

- a. Where adopted by employers, Higher Apprenticeships tend to attract younger entrants with A-level qualifications.
- b. They are more costly to deliver than a work-based higher education programme which might deliver similar learning outcomes, because different elements of the Higher Apprenticeship framework are fundable by HEFCE, the Skills Funding Agency or the employer.
- c. For holders of Advanced Apprenticeships or NVQ Level 3, the Higher Apprenticeship provides some repetition of content.
- d. Higher Apprenticeships would also benefit from greater links with professional bodies.

In our view, a high-quality foundation degree could deliver similar outcomes to a Higher Apprenticeship but without the additional costs and with clearer progression to Levels 6 and 7.

### **Potential for growth: demand from institutions**

74. Institutions responded well to the introduction of foundation degrees, and we have seen strong growth since their inception. However, as noted in paragraph 67, this growth has been promoted by a number of funding levers, including the provision of fully funded ASNs, the foundation degree premium, and the ELQ policy: since foundation degrees were exempt from the policy, institutions may have chosen to shift their provision towards foundation degrees. It seems unlikely that this strong growth trend will continue in a less favourable environment.

75. This point is illustrated by applications to the new University Modernisation Fund<sup>25</sup>. Applications fell significantly short of the 5,000 foundation degree places offered: we had proposals for approximately 1,500 FTE full-time foundation degrees and 336 FTE part-time foundation degrees. In unpublished advice to HEFCE, FDF suggests this is likely to be due to the short timescales to deliver programmes for 2010, which may be particularly problematic for foundation degrees which require extensive development time due to the

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<sup>25</sup> A £152 million initiative designed to support a sustained increase in student places at universities and colleges in a period of economic recovery by adopting greater savings and efficiencies. See [www.hefce.ac.uk/finance/fundinghe/places](http://www.hefce.ac.uk/finance/fundinghe/places).

element of employer engagement. The announcement of the withdrawal of the foundation degree targeted allocation (discussed in paragraph 71) may also have had an impact.

76. As part of the same advice to HEFCE, FDF notes a number of factors which may militate against the growth of foundation degree provision in future. FDF suggests that the lack of ASNs is leading institutions to reduce the number of foundation degree programmes they offer, and to focus instead on three-year undergraduate degrees. It also believes that student number controls may be resulting in a shift away from shorter programmes, including foundation degrees, towards three-year degrees. At the Government's request, institutions have been asked not to increase entrants to full-time undergraduate and Postgraduate/Professional Graduate Certificate in Education (PGCE) programmes beyond 2008-09 levels. Institutions may reason that it makes better financial sense to recruit to longer programmes, so as to maximise student numbers while avoiding the negative grant adjustments associated with over-recruitment.

77. Yet another factor inhibiting the strong growth of foundation degrees may be the breakdown, in some instances, of franchise arrangements between HEIs and FECs. FDF observes, and we have noted, that some HEIs are reviewing their partnerships with FECs in the light of tighter budgets and a lack of ASNs. Since FECs play a key role in delivering foundation degrees, this is likely to have a negative impact on their future growth.

#### **Potential for growth: demand from students**

78. Foundation degree provision is diverse, and attracts both adult learners in the workforce and younger qualifiers. There are also marked differences in the trends relating to part-time and full-time provision. The barriers and incentives that affect foundation degree students will differ so it is difficult to gauge future potential for growth. However, there is possibly potential for growth as a result of: an increase in completion rates in apprenticeships at Level 3; support from a broader range of Sector Skills Councils which are putting in place higher-level skills strategies (evidenced in early bidding interest from Sector Skills Councils for the Joint Investment Programme<sup>26</sup>); and regulatory changes in some public sector workforces such as the justice sector.

79. There may be some misalignment of demand from students and the provision offered by institutions – for instance, we have seen an increase in demand from A-level students for science, technology, engineering and maths (STEM) subjects, but there are limited foundation degrees in physical sciences.

80. Accurate demand from students is difficult to gauge, particularly for part-time adult provision. Demand from institutions is a useful proxy because institutions tailor their offer in response to demand from students and employers while responding to government and HEFCE policy. Entrant numbers for 2009-10 suggest a 'steady state' figure of about 127,000

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<sup>26</sup> The Joint Investment Programme for Strategic Skills is designed to bring together public and private investment into 50-50 match-funded plans to support training and skills development in areas key to economic recovery and future growth. See <http://skillsfundingagency.bis.gov.uk/employers/jip.htm>.

students (although, importantly, this projection does not reflect efficiency savings we have been asked to make and which will affect this provision).

81. In addition to funding constraints, there may also be other factors specific to foundation degrees that relate to demand for the qualifications. Foundation degrees are still relatively new and it is only in very recent years that significant volumes of students have been qualifying from foundation degree programmes. Information on success and outcomes (in terms of employment, progression, satisfaction) is still limited. Although employment outcomes to date compare well with traditional programmes, providers may be reluctant to expand further still until there is greater confidence in these aspects of the qualification. It is possible that levels of student demand for these specific qualifications have been optimised – in other words, that they are attractive to specific groups of learners and employers and without specific additional incentives it may be difficult to encourage broader take-up.

### **Meeting our priorities**

82. As discussed in the introduction, growth of diverse provision is intended to address three policy objectives: widening participation, meeting employer needs, and providing higher education that offers value for money.

83. There are indications that foundation degrees have been successful in widening access to higher education (although this is complex to measure and needs further analysis):

- a. Foundation degree entrants tend to be older than undergraduates overall.
- b. Proportions of male and female entrants are roughly similar to the overall undergraduate population.
- c. Fifteen per cent of young full-time foundation degree entrants are from low-participation neighbourhoods – this compares to 10 per cent among young full-time first degree entrants, and 11 per cent among young full-time entrants to other undergraduate programmes.
- d. Increasingly, students begin foundation degrees with qualifications other than A-levels as their highest qualification – this suggests that foundation degrees are successful in offering a progression route from vocational qualifications.
- e. Students studying for foundation degrees (either full-time or part-time) are more likely to identify themselves as of White ethnicity than students studying for three-year undergraduate degrees, although this should not necessarily be seen as counter to their role in widening participation, given the current under-representation of some groups of white students (particularly white, working-class males) in higher education generally.
- f. The proportion of foundation degree students (either full-time or part-time) declaring a disability in 2008-09 is 9 per cent, which is marginally higher than for first degree students (8 per cent).

84. Findings from the Destinations of Leavers from Higher Education (DLHE) survey<sup>27</sup> suggest that employment outcomes for foundation degree students currently compare well with those for full-time first degree students. Six months after qualifying, only 4 per cent of full-time foundation degree students who qualified in 2007-08 were assumed to be unemployed; this compares with 8 per cent of three-year qualifiers. The requirement for work-based learning within foundation degrees has made them a useful vehicle for those seeking to engage employers in curriculum development. However, sustained employer engagement represents an ongoing challenge for foundation degrees, and is highlighted as an area for development in recent Quality Assurance Agency for Higher Education (QAA) audit and review reports. This may reflect the difficulties more broadly in involving employers in the curriculum and sourcing high-quality work experiences.

85. Full-time foundation degrees are delivered over two years, and thus attract less HEFCE funding overall than three-year degrees, even taking into account the funding allocated through the foundation degree targeted allocation. However, it should be noted that 59 per cent of full-time and 42 per cent of part-time students who undertake a foundation degree subsequently 'top-up' to an honours degree and this is certainly one of the successes of foundation degrees. From the point of view of the public purse, a foundation degree plus an honours degree 'top-up' will be no cheaper, and may be more expensive, than a traditional honours degree. On current trends, employer funding is unlikely to provide a significant alternative stream of funding to public investment, at least in the short term.

#### **Foundation degrees: key messages**

86. The expansion of foundation degrees has taken place in a context of buoyant public sector spending on workforce development, underpinned by economic growth and high employment rates. Most importantly, it has taken place in a period of substantial year-on-year growth of funding for higher education overall. While the 'brand' of foundation degrees is powerful in signalling higher education's willingness to engage with employers and in attracting a broad range of learners, it is not clear, particularly as the immediate demand from young learners with traditional entry qualifications remains strong, whether institutions will choose to prioritise foundation degrees.

87. We believe that recruitment to foundation degrees is unlikely to increase substantially in coming years. Further growth could be encouraged by the provision of appropriate financial incentives, such as ASNs. It might also be argued, though, that now the foundation degree brand is firmly established, their growth or otherwise should be left to the market. We might instead choose to invest in foundation degrees where there is a primary public interest or market failure, for example in promoting apprenticeship/vocational and work-based routes into and through higher education.

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<sup>27</sup> This survey asks graduates about their employment/further study circumstances six months after they qualify. For more information see 'Statistical first release for Destinations of Leavers from Higher Education Institutions in the United Kingdom for the academic year 2007/08', available at [www.hesa.ac.uk/index.php?option=com\\_content&task=view&id=1479&Itemid=161](http://www.hesa.ac.uk/index.php?option=com_content&task=view&id=1479&Itemid=161).

## Accelerated honours degrees

### The current situation

88. Accelerated honours degrees (taught over two years, rather than the usual three) have a long history. After the end of the Second World War, returning service personnel were offered degree courses in England which lasted two years instead of three. Between 1994 and 1996, HEFCE supported institutions in testing accelerated degrees through the Accelerated and Intensive Routes initiative (AIRs)<sup>28</sup>.

89. A number of institutions in the private sector presently offer accelerated degrees. The largest and most high-profile of these is the University of Buckingham with around 740 undergraduates in 2008-09<sup>29</sup>; other examples are BPP University College<sup>30</sup> and the Greenwich School of Management<sup>31</sup>.

90. Among publicly funded HEIs, accelerated honours degrees have recently been piloted in seven institutions<sup>32</sup> under the HEFCE Flexible Learning Pathfinders programme. In 2008-09, there were 390 students undertaking accelerated degrees with these institutions. Approximately 443 students have undertaken accelerated degrees since their inception. In this report, we concentrate largely on the accelerated degrees piloted by the Flexible Learning Pathfinders, because these provide a recent and well-documented illustration of the potential and challenges of accelerated learning.

91. Delivering an honours degree over two years is made possible by utilising the traditional summer holiday period (June/July to September) as a third semester or fourth term, thereby covering in two years the same number of teaching weeks as a conventional degree does in three years. The general structure of the academic year for accelerated degrees is three 15-week teaching blocks (45 weeks) per year with a total of 90 weeks for the whole degree. This is the same total as for most conventional three-year degrees, where there are 30 teaching weeks per year over three years. The 'acceleration' therefore is not in

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<sup>28</sup> For more information see the HEFCE report 'Fast and Flexible: the AIRs experience' (HEFCE M 11/96). The institutions did not continue to offer AIRs after the development funding ended, nor did HEFCE or Government continue to provide incentives in this area.

<sup>29</sup> Source: Table 0 of 'Students in Higher Education Institutions 2008-09' (HESA), available at [www.hesa.ac.uk](http://www.hesa.ac.uk).

<sup>30</sup> For more information see [www.bpplawschool.com/programmes/lb/modes\\_study.htm](http://www.bpplawschool.com/programmes/lb/modes_study.htm).

<sup>31</sup> For more information see [www.greenwich-college.ac.uk/programmes-courses/adword-landing/2year.asp?gclid=COf6\\_anY7aECFSaEIAodzjueJg](http://www.greenwich-college.ac.uk/programmes-courses/adword-landing/2year.asp?gclid=COf6_anY7aECFSaEIAodzjueJg).

<sup>32</sup> Anglia Ruskin University, University of Derby, University of Gloucestershire, Leeds Metropolitan University, University of Northampton, University of Plymouth and Staffordshire University. As noted in footnote 14, a small number of other institutions, both privately and publicly funded, offer accelerated degrees.

the length of the course in weeks but in years of study. Accelerated degrees also give the same credits (360) as the traditional degree, but deliver 180 per year rather than 120.

92. The types of courses being piloted by the pathfinder institutions – which made independent decisions about which subjects to offer – have been in the main vocational, but with some exceptions. Most of the accelerated degrees being piloted have three-year counterparts and follow the same curricula and core modules, but generally with less choice of optional modules because of timetabling constraints.

93. Generally, the vocational courses have recruited to expectations, but a few did not recruit to target. The more academic courses have generally not recruited as well as the vocational ones. At Staffordshire University, for example, courses such as law, accounting and finance, and business management have recruited well, but two accelerated degrees initially developed for delivery in 2006-07 – English and philosophy, and product design – had either no applications or very small numbers, so were not offered subsequently. The other pathfinders report similar experiences, with notable successes including law, tourism management and hospitality business management.

94. Figures obtained from the HESA record for 2008-09 show some interesting differences between the characteristics of students studying on accelerated degrees, and the characteristics of a comparable cohort of students studying for three-year degrees, with the latter adjusted to take into account institution, subject of study and, where appropriate, age<sup>33</sup>.

- a. Sixty-three per cent of accelerated degree students are mature, compared with 36 per cent of three-year degree students.
- b. Accelerated degree students are slightly more likely to be male and more likely to be from a minority ethnic background than their three-year counterparts.

95. Some concerns have been expressed in the media that accelerated degrees would lead to a lower quality of outcomes, and result in ‘cramming’ with students adopting a ‘surface’ (memorising) approach to learning. There is at present no evidence of this. Accelerated degrees are subject to the same quality assurance processes as other provision (including the audit of the management of academic standards and the quality of learning opportunities). Peter Davies, in his study of accelerated degrees at Staffordshire University<sup>34</sup>, found that first year accelerated degree students were more interested in their course and less likely to adopt a surface approach than their three-year degree peers. However, this tendency was not sustained and by the final year there was no significant difference between accelerated and three-year students. The AIRs pilot in the 1990s reached a similar conclusion.

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<sup>33</sup> Source: ‘Flexible learning pathfinders: key statistics 2008-09’ (HEFCE 2011/05).

<sup>34</sup> ‘An evaluation of the introduction of fast-track (2 year) degree programmes’ (Staffordshire University), pp 3 and 25. Available at [www.staffs.ac.uk/schools/business/iepr/docs/FastTrackEvaluationFinalReport.pdf](http://www.staffs.ac.uk/schools/business/iepr/docs/FastTrackEvaluationFinalReport.pdf).



## **Potential for growth: demand from students**

96. At present, the number of students undertaking accelerated degrees is low. The pathfinder institutions have either recruited to target, or struggled to recruit, suggesting that there is little unmet demand from students. However, there is evidence that there may be greater demand for some subjects: in one year, for instance, Staffordshire University was oversubscribed with applications for its law course (over 170), but limited its intake to a maximum of 25. This was partly to keep numbers manageable, and partly because the Law Society stipulated this maximum as a condition of its recognition of the law degree.

97. The accelerated route can have financial benefits for the student. Because of the way in which the fees regime operates at present, students taking accelerated degrees can make a year's worth of savings on the fees cost of obtaining a degree. They can also enter the job market a year earlier – potentially earning a year's salary during the time it would have taken them to obtain a conventional three-year degree. Davies has estimated that the financial advantage to students taking accelerated degrees amounts to £20,000. This was calculated by adding the standard tuition fee to the average new graduate salary for the year after graduation.

98. These benefits may, or may not, be diluted by the impact of any changes following the Independent Review of Higher Education Funding and Student Finance. In a variable fee environment, some institutions might choose to charge higher fees for their accelerated degrees. This, in fact, is Davies' recommendation: he suggests that institutions need to charge an additional 25-50 per cent in order to cover their costs. This might make accelerated degrees less financially attractive to students, although any increase in fees would need to be offset against the benefits of entering the job market a year earlier. It should be noted, though, that this rationale may be less compelling while there is a shortage of graduate jobs.

99. One of the barriers to recruitment for accelerated degrees may be lack of information. There is anecdotal evidence from the pathfinder HEIs that some students who enrolled on a three-year degree subsequently switched to the corresponding accelerated degree when they discovered, on arriving at university, that this was a possibility. There may be a wider market for accelerated degrees, but it may require more central publicity and awareness-raising. The only publicity for these degrees at present (other than in the press and in Ministerial speeches) seems to be on institutions' web-sites and through other marketing events they run, but this may not reach all the students who might wish to take advantage of the benefits of this provision.

100. The Bologna Process defines first cycle (bachelors) degrees as lasting for three years and this has often been cited by institutions as a barrier to the uptake of accelerated degrees by students. Prospective students may be concerned that institutions and employers in other European countries may not accept accelerated degrees, viewing them as 'lightweight', given that some countries have significantly reduced the length of first degrees to comply with the Bologna norm. (The perception, and some evidence, that the UK has shorter study and contact hours than other European countries may also contribute to this.) Although there

were a few instances in the early days of the Flexible Learning Pathfinders of European students not taking up places on accelerated degrees because of the worry about recognition, there are now significant numbers of EU and overseas students on many of the pathfinders' accelerated programmes.

101. The Higher Education Academy's interim evaluation of the pathfinders<sup>35</sup> concluded that accelerated degrees are for a 'niche market', appealing to certain constituencies of student, not as a wholesale replacement for three-year degrees. This very much accords with the impression that we have gained through our discussions with the pathfinder institutions and other institutions considering offering accelerated degrees: there may be some potential for growing accelerated degrees, but they may continue to be of appeal primarily to mature students, perhaps particularly those with prior experience of higher education, or those looking to change career.

### **Potential for growth: demand from institutions**

102. Regarding the incentive for institutions to offer accelerated degrees, the pathfinder project's findings to date are variable. Some of the institutions are committed, in terms of their missions, to offering flexible provision and have increased the number of accelerated degrees offered; but others have reduced the number of accelerated courses. In one case (the University of Derby), accelerated degrees have been phased out altogether.

103. All of the pilot institutions cite cost as the main disincentive for offering accelerated degrees. Many have commented that the courses that they offer would not be financially viable without the start-up funding from HEFCE's Strategic Development Fund (a minimum grant of £250,000 per institution), and some expressed concern about the sustainability of the provision when their development funding came to an end. At present, institutions receive standard HEFCE core funding for accelerated degrees, plus approximately 25 per cent of their core funding allocation per year through a targeted allocation. The general view of the pilot institutions seems to be that this is inadequate, and that it would be more appropriate for accelerated degrees to receive three years' worth of standard HEFCE funding over two years (in effect, a premium of 50 per cent). We have commissioned a study of the costs of accelerated degrees<sup>36</sup>, which provides an objective assessment of the costs and potential efficiencies of offering accelerated degrees, and seeks to disentangle running costs from start-up costs.

104. Some institutions may consider offering accelerated degrees because this allows them to attract new students. It is notable that all seven pathfinders piloting accelerated degrees are newer universities; older universities seem wary. These newer institutions are typically

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<sup>35</sup> 'Flexible Learning Pathfinders: a review of the pilots' final and interim reports', (Higher Education Academy, 2009) Available at [www.heacademy.ac.uk/resources/detail/Flexible\\_learning\\_pathfinders\\_a\\_review](http://www.heacademy.ac.uk/resources/detail/Flexible_learning_pathfinders_a_review).

<sup>36</sup> 'Costing study of two-year accelerated degrees: Report to HEFCE by Liz Hart Associates' (February 2011), available at [www.hefce.ac.uk/pubs/rereports](http://www.hefce.ac.uk/pubs/rereports).

regarded as 'recruiting' rather than 'selecting', and thus more willing to try out innovative forms of provision. However, this rationale is less likely to be compelling in the present situation of excess demand from students; if institutions can recruit to target on standard courses, they have less motivation to try out innovative, and more risky, provision. Some of the pathfinders have commented, in discussion, that they suspect that rather than reaching out to a new market, accelerated degrees attract students who would otherwise have undertaken three-year degrees at the same institution.

105. In the early days of the pathfinder project, there was concern that university staff contracts and working practices would present a barrier to institutions offering accelerated degrees; however, this issue should not be overstated. Leeds Metropolitan University analysed this issue as part of the pathfinder project and concluded that 'both academic and support staff can be highly receptive to pedagogic change, provided that the context and overall objectives are clearly set out, and staff are integrally involved in the development'<sup>37</sup>. Although Staffordshire University had some difficulties in finding staff to teach modules during the summer, staff at other institutions were not opposed to changing their working patterns and found that it gave them more flexibility in their own working practices: teaching over the summer period enabled them to do research and take their breaks outside the traditional holiday time.

106. Despite covering the same ground as conventional three-year degrees, accelerated degrees may not be appropriate for all subjects, notably for sciences and subjects where knowledge acquisition is cumulative (that is, one topic builds on another, and learning cannot be broken down into modules to be chosen freely<sup>38</sup>). Most of the subjects piloted by the pathfinders have been vocational, largely in areas such as business, law, computing, hospitality and tourism. Accelerated study has been found to be inappropriate for certain other subjects, such as creative writing and sports-related programmes, mainly because students preferred to spend the summer period improving their writing and sports skills rather than engaging with study and assignments. It should also be noted that some three-year degrees already expect students to study during the summer vacation – for instance, in preparing for the coming year, or in writing dissertations. Such courses may not lend themselves to the two-year accelerated model.

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<sup>37</sup> 'Flexible learning developments at Leeds Metropolitan University' (Leeds Metropolitan University, 2010), unpublished report.

<sup>38</sup> For instance, the Institute of Physics expressed reservations about accelerated degrees in its response to the 2003 Government White Paper 'The Future of Higher Education': 'The Institute [of Physics] does not believe that the compressed two-year honours degree proposal will be appropriate for physics. Physics is a hierarchical subject where advanced teaching builds on traditional three- to four-year degrees providing sufficient time for the difficult physical concepts to be introduced and re-visited as the student progresses in maturity, which would be very difficult to achieve in a compressed course.' (McCabe, 2007).

## Meeting our priorities

107. As noted in the introduction, we have established that the growth of diverse provision is intended to address three policy objectives: widening participation; meeting the needs of employers; and value for money.

108. The evidence regarding the contribution of accelerated degrees towards widening participation is complicated. If we compare students on accelerated degrees with the non-adjusted three-year degree population, we see that students on accelerated degrees are much more likely to come from low-participation neighbourhoods, and much more likely to enter higher education without A-levels. The HESA data also show that accelerated students are more likely to be mature, male and from a minority ethnic background, and are less likely to be disabled. However, when we adjust the three-year degree population to take into account institution, subject of study, and age, these differences nearly disappear. This is partially because of the influence of age: older students are more likely to come from lower-participation neighbourhoods and to enter higher education without A-levels, regardless of whether they are following the accelerated route. This may suggest that the contribution of accelerated degrees to widening participation is indirect – they attract older students to higher education, and these students are more likely to display the characteristics that we associate with widening participation. Alternatively, there could be a different cause-effect relationship: for example, accelerated degrees could attract students without A-levels and these students happen to be mature.

109. Anecdotal evidence from the pathfinders suggests that accelerated degrees may appeal, in particular, to students who are particularly confident of their abilities; this will not be true of many students who enter higher education with vocational qualifications, or who come from low-participation neighbourhoods.

110. Accelerated degrees present a way for people already in work or returning to work to up-skill to degree level while taking the minimum of time away from their employment – perhaps as an alternative to part-time study. Employers questioned by McCabe et al<sup>39</sup> saw no distinction between accelerated and three-year degrees and some, in fact, felt that having completed an accelerated degree would set an applicant apart from others, as evidence of hard work, determination and achievement. Professional bodies in the areas covered by accelerated degrees were also supportive, and the accelerated LLB courses have Law Society approval. It is unclear, though, whether accelerated degrees have a similar degree of recognition in countries outside the UK. DLHE survey data are insufficient to draw any conclusions about the employment rates of accelerated degree graduates at present (only 35

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<sup>39</sup> 'Accelerated learning programmes: a review of quality, extent and demand' (Higher Education Academy, 2007), available at

[http://www.heacademy.ac.uk/assets/York/documents/ourwork/research/Accelerated\\_learning\\_programmes\\_1.pdf](http://www.heacademy.ac.uk/assets/York/documents/ourwork/research/Accelerated_learning_programmes_1.pdf).

graduates from accelerated degrees responded to the DLHE survey for 2008-09), but we should have more information on this by early 2011.

111. Accelerated degrees presently receive HEFCE standard core funding, plus approximately 25 per cent additional funding through a targeted allocation. However, this funding is allocated over only two years, meaning that accelerated degrees attract less total funding than their three-year counterparts.

112. Students on accelerated degrees presently receive student support for two years (although an adjustment has been made for the pathfinder students to allow them to receive means-tested support for maintenance while studying during the summer vacation period). This means that students studying on accelerated degrees attract less total student support than their counterparts.

113. On this basis, it might be concluded that accelerated degrees are a more efficient way of delivering higher education. But it should be noted that many of the pathfinders believe that they were only able to offer accelerated degrees because of the development funding provided to enable them to develop flexible provision (at least £250,000 per pathfinder), and that accelerated degrees are not sustainable under the current funding and fees regime. Liz Hart's study of the costs of accelerated degrees clarifies this issue.

114. As an aside, we note that the University of Buckingham is charging fees of £8,640 per year in 2010 for students studying on accelerated degrees. On its web-site, it calculates that the cost of a two-year degree at Buckingham (based on both fees and living costs) is £271 less than a three-year degree at a state-funded university<sup>40</sup>. This calculation does not take into account that accelerated degree graduates can enter the job market a year earlier and therefore may benefit from an extra year's income.

### **Accelerated honours degrees: key messages**

115. Accelerated degrees are likely to remain a niche market, perhaps consisting largely of newer universities offering vocational subjects to older students. Within this market, however, there may be some potential for growth. It is also possible that a more stringent student support regime would make accelerated degrees more attractive to younger students, because of the wish to minimise debt. Offsetting this, however, is the employment climate, which may encourage students to remain in education for as long as possible.

116. Institutions could be encouraged to increase provision of accelerated degrees through appropriate financial incentives. This could be done through providing additional funding for accelerated degrees. This would happen naturally if HEFCE moved to funding on the basis of credit<sup>41</sup>, or could also be achieved by increasing the funding that we presently provide through a targeted allocation. It should be noted, however, that either of these strategies

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<sup>40</sup> See [www.buckingham.ac.uk/standingout/twoyear/](http://www.buckingham.ac.uk/standingout/twoyear/).

<sup>41</sup> This is considered in HEFCE's consultation on teaching funding policy, 'Review of the teaching funding method: Consultation on key principles and features' (HEFCE 2010/10).

would have the effect of reducing the unit of resource for other forms of provision. An increase in accelerated provision could also be achieved through offering fully-funded ASNs, or through additional development funding for institutions wishing to move into this area. We appreciate that any of these options will be challenging during a period of highly restricted public spending.

117. Accelerated degrees would also prove more attractive to institutions if they were able to charge higher fees to reflect the (perceived) higher costs of this sort of provision. Davies advocates the promotion of accelerated degrees as a premium route through higher education, which justifiably comes with a higher price-tag. This approach, however, may discourage some students, particularly those who would have been attracted to the accelerated route for financial reasons.

118. Demand from students might be increased by better information. The pathfinders suggest that many students are simply unaware of the accelerated option; those who are aware of it may have been influenced by recent, negative discussions in the press. A centralised information campaign might help to raise awareness and dispel some erroneous notions.

## **Part-time provision**

### **The current situation**

119. There are around 283,000 part-time UK and EU-domiciled undergraduate entrants registered at English HEIs<sup>42</sup>, making up 43 per cent of the total entrant population.

120. The label 'part-time study' covers a wide range of activities. At one extreme, a student might study a 10-credit module in their spare time, which is unrelated to their career. At the other, a student might study for a professional qualification with an intensity approaching that of a full-time student, with the financial support of their employer. Part-time study may take place in the workplace, on campus, or through distance learning. And part-time students study at all levels of higher education, ranging from acquiring institutional credits to PhDs.

121. Although commonly used (and reinforced through the student support system), the distinction between full-time and part-time study is not uncontroversial: many students registered as full-time also engage in paid work, some for a significant proportion of their time. Instead of making this distinction, some institutions prefer to think of activity as positioned on a continuum, which has at one end the student undertaking a few credits (or non-accredited learning), and at the other, the student engaged in accelerated learning (for instance, through a two-year honours degree). There are, within the pathfinder pilots and elsewhere, examples of intensive part-time study – for instance, students completing an honours degree in four or five years.

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<sup>42</sup> There were 511,810 part-time undergraduates in 2008-09, including home-, EU- and overseas-domiciled undergraduates in all years of study, registered at English HEIs (HESA).

122. Certain subjects are much more likely to be studied part-time. Of undergraduate entrants in England studying education, more than half (60 per cent) are studying part-time. Other subject areas with a large part-time cohort are Agriculture and related subjects, Languages, and Subjects allied to medicine. In contrast, the number of part-time undergraduates studying Medicine and dentistry, and Veterinary sciences, is minimal. Among those studying Physical sciences and Biological sciences, 27 per cent and 24 per cent respectively study part-time. These differences may be explained in part by differences in the student population – for instance, mature students are more likely to study education, and more likely to study part-time. They may also indicate that some institutions find it challenging to provide courses with a large element of laboratory or clinical work on a part-time basis.

123. Intensity of study is closely linked to issues of completion and retention: part-time students are less likely to complete their course than full-time students, and there is a substantial difference between the completion rates of students studying at an intensity of less than 30 per cent compared to part-time students studying at a higher intensity. Our report 'Part-time first degree study: entry and completion' (HEFCE 2009/18)<sup>43</sup> found that 44 per cent of students commencing programmes at UK HEIs (other than the OU) at 30 per cent or higher intensities go on to complete that programme within seven academic years (rising to 48 per cent within 11 academic years). For those studying at below 30 per cent intensity, 18 per cent have completed after seven academic years (rising to 22 per cent within 11 academic years). This 'tipping point' of 30 per cent cannot easily be explained by the student support regime: part-time students generally become eligible for some financial support when they are studying at or above an intensity of 50 per cent.

124. Part-time provision has remained stable since 2003-04, with approximately 43 per cent of all undergraduate entrants studying part-time (on a headcount basis). Some institutions such as Birkbeck College and the OU provide predominantly part-time provision and have been very successful in doing so. Recruitment at the OU, in particular, has been buoyant, although it has a higher rate of non-completion which the institution accepts as a natural consequence of its approach. We look at the OU as a case study in paragraphs 2 to 12 of Annex A.

125. Part-time students from the UK and the rest of the EU generally count for HEFCE funding purposes, provided that they are studying at a rate of more than 0.03 FTE (about four credits) a year, that their course is accredited, and that they meet the other fundability conditions. Part-time students attract mainstream HEFCE funding on a pro-rata basis. However, an institution's part-time population also draws down various other HEFCE funding streams. HEFCE currently provides around £70 million per year through the part-time

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<sup>43</sup> The Open University is excluded from this analysis because of its distinct historical business model: an Open University student can start on a module, accumulate credits and finish with a qualification or leave with institutional credits. Therefore, some students are registered for institutional credits and others for a named qualification aim. This has implications for the recording of completions (see paragraph 133 of this report for more on this topic).

undergraduate targeted allocation. This was introduced to recognise the additional costs associated with teaching part-time students, and was supplemented in 2008-09 to protect part-time students from the impact of the ELQ policy. This funding stream provides approximately £679 additional funding per FTE<sup>44</sup>. For 2010-11, we are distributing £68 million for widening access for part-time undergraduates from disadvantaged backgrounds and £54 million for improving retention of part-time undergraduates.

126. The student support system for part-time students is also complicated. Those studying at an intensity of over 50 per cent and who meet means-tested criteria are eligible for some student support, although this is very limited compared to the support available for full-time students. A recent Higher Education Careers Service Unit study<sup>45</sup> suggests that 14 per cent of part-time students received a government fee grant. The report also suggests that 41 per cent of part-time students received financial help from their employers, which could be in the form of paid leave or a contribution to course costs. The researchers found that firms tended to support staff from high- or middle-income backgrounds. According to the Universities UK report, 'Part-time students and part-time study in the UK'<sup>46</sup>, 60 per cent of the total of all part-time students surveyed received no financial support either from the state or from their employer.

127. Most part-time provision is not subject to regulated fees. In 2009, we surveyed unregulated part-time and postgraduate fees<sup>47</sup>. In 2007-08, the average fee charged, pro rata, for part-time undergraduate students was £1,845. Fees display some variation per subject: for instance, the average fee for IT was £1,710, whereas the average for Subjects allied to medicine was £2,510. We are aware from our conversations with institutions that some institutions chose not to raise their part-time fees in line with full-time fees when variable fees were introduced in 2006. Others chose to raise their fees, but did so with caution because they perceived that demand from part-time students would be constrained by the student support regime (in particular, the need for part-time students to pay upfront fees).

128. HESA data for 2008-09 show that part-time students are much more likely to be mature. The mean age of part-time students studying for a first degree is 32.9 (studying at an

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<sup>44</sup> 2010-11 figures, from March grant tables. For more details see 'Recurrent grants for 2010-11' (HEFCE 2010/08).

<sup>45</sup> 'Futuretrack: Part-time Students' (HESCU, 2010) available at [www.hecsu.ac.uk/hecsu.rd/research\\_reports\\_400.htm](http://www.hecsu.ac.uk/hecsu.rd/research_reports_400.htm).

<sup>46</sup> 'Part-time students and part-time study in higher education in the UK, Strand 1: a quantitative data analysis of 2003/04 HESA data' and 'Part-time students and part-time study in higher education in the UK, Strand 2: a survey of the issues facing institutions' (Universities UK, 2006), available at [www.universitiesuk.ac.uk/Publications/Documents/parttime\\_strand1.pdf](http://www.universitiesuk.ac.uk/Publications/Documents/parttime_strand1.pdf) and [www.universitiesuk.ac.uk/Publications/Documents/parttime\\_strand2.pdf](http://www.universitiesuk.ac.uk/Publications/Documents/parttime_strand2.pdf) respectively.

<sup>47</sup> 'Survey of fees for PGT and part-time undergraduate students' (2009), available at [www.hefce.ac.uk/learning/funding/price](http://www.hefce.ac.uk/learning/funding/price).



intensity of 50 per cent or more) or 34.7 (studying at a lower intensity). This compares with a mean age of 20.4 for full-time students studying for a first degree. This pattern is replicated across all levels. The mean age of first-year undergraduate part-time students ranged from 32.8 (first degree) to 38.1 (sub-degree level) compared to 20.4 (first degree) to 26.6 (sub-degree level) for full-time students. Part-time students studying for an HNC/D, however, tend to be younger than other part-time students, with a mean age of 26.2 or 29.2 (for, respectively, higher and lower intensities). This compares to a mean age for full-time students studying for an HNC/D or 21.7. This may be because HNC/Ds remain the preferred route for young students who wish to work towards a qualification (often through day release) while in work, particularly in certain disciplines (for instance, HNC/Ds remain the dominant vocational qualification in manufacturing).

129. In terms of ethnicity, HESA data show that around 85 per cent of part-time students studying for a first degree are White compared with around 76 per cent for full-time students. This pattern is replicated across levels of study. HESA data show that part-time students are slightly more likely to come from a low-participation neighbourhood. For instance, 12 per cent<sup>48</sup> of full-time students studying for a first degree come from a low-participation neighbourhood, compared with around 15 per cent of part-time students. Again, this pattern is replicated across levels, with part-time students studying at lower intensities (less than 50 per cent) slightly less likely to come from low-participation neighbourhoods.

#### The Open University

130. The OU offers a different business model to other part-time providers. Students may enter onto courses without prior qualifications, for example; and the Openings programme offers taster courses which culminate in credits. It is also possible for a student to start on a module, accumulate credits and finish with a qualification or leave with institutional credits. The latter is still considered a successful outcome. The OU's business model allows students to access low-intensity provision which is relatively cheap for students to build up their learning. An example of the intensity of study is the OU's recent application to the University Modernisation Fund for 1,500 FTEs which the OU calculates as providing a headcount of around 6,170.

131. HESA data show that 92,450 UK- and EU-domiciled entrants were registered on part-time undergraduate programmes at the OU in 2008-09. This equates to about 24,000 FTEs, and includes a headcount of 36,010 entrants to first degree programmes.

132. The lack of entry requirements and the cumulative approach to learning and qualifications has meant that the OU has been very popular and accessible. While predominately a distance-learning institution, face-to-face tuition, residential schools (for some courses) and informal support groups are integral to OU provision.

133. Completion rates at the OU appear low when compared to part-time completion rates for the rest of the sector. 'EU statistics on public procurement – annual return for calendar

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<sup>48</sup> Note that this includes both young and mature full-time first degree entrants.

year 2008' (HEFCE 2009/19) showed that in 1996-97, 39 per cent of part-time students who began a first degree programme at a UK HEI (other than the OU) completed their degree within 11 academic years. The equivalent proportion for starters at the OU was 22 per cent. It should be noted that the standard way of measuring completion is contentious when applied to the OU, due to its very different model and the fact that some of the OU students included within this calculation may not have been aiming for a first degree. The OU prefers to measure completion in terms of module pass rates. This approach would yield a much higher completion rate, but would not be comparable with the data that we collect for the rest of the sector.

### **Potential for growth: demand from students**

134. Part-time provision has remained stable over the past five years. We are not aware of unmet demand from students for part-time provision, and know from our conversations with institutions that many need to work hard to fill their part-time places.

135. Most institutions that we have spoken to about this view the student support regime as the main barrier to part-time provision. Some believe that students who might otherwise have studied part-time adopt the full-time route instead because of a reluctance, or inability, to pay upfront tuition fees. Part-time students at English HEIs are overwhelmingly mature learners, who wish to study part-time due to work or family commitments<sup>49</sup>.

136. It is difficult to anticipate the impact that a change in the student support regime would have on part-time provision. It is possible that a more generous system of loans and grants for part-time students would encourage more young students to enter part-time provision. Less generous support for full-time students could have the same effect, because more students might wish to combine study with full-time, or nearly full-time, work. However, it is unlikely that these changes would take place rapidly, because there are cultural factors that steer students towards full-time provision (including the attractions of the 'student experience' associated with full-time study). The economic situation might also discourage part-time provision, with students choosing to defer entry to the job market.

137. We know that individuals are more likely to invest in their own development in weaker economic periods (a counter-cyclical effect)<sup>50</sup>. We might therefore see an increased demand for part-time provision in coming years, particularly from employees looking to refresh their skills and to compete in the global market. Certain subjects – such as STEM – or employment sectors may be particularly attractive. However, in the current economic climate, some employers will have limited resources to invest in higher education: we know, for instance, that the recession has had a negative impact on institutions seeking to work with small and medium-sized enterprises.

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<sup>49</sup> From HESA data and our conversations with institutions. The OU has seen an increase in the proportion of applicants aged 25 and under, from 21 per cent to 23 per cent between 2002-03 and 2008-09. However, this may be due largely to the Young Applicants in Schools and Colleges Scheme, in which sixth-form students can take a module at the OU.

<sup>50</sup> Source: 'Strategically Important and Vulnerable Subjects' (HEFCE 2010/09).

## Potential for growth: demand from institutions

138. There is at present little evidence of institutions wishing to grow their part-time provision. This is illustrated by applications to the University Modernisation Fund. We received applications for 12,500 full-time places compared with 2,100 part-time places. Of these part-time applications, 1,500 were from the OU, to be delivered at a very low intensity. We expect to fund 8,364 full-time places and 1,637 part-time places, including the 1,500 requested by the OU.

139. There are mixed incentives and disincentives for institutions interested in part-time provision:

### Potential incentives

- a. Most part-time provision is not subject to regulated fees, which might make it attractive to some institutions. As noted in paragraph 127, however, most institutions have chosen to charge fees for part-time that are in line with, or below, full-time fees.
- b. The student number control, which was introduced for 2009-10 and will continue to be in place in 2010-11, applies only to full-time undergraduate and PGCE students, so institutions that wish to grow may find part-time provision more attractive (although in doing so they would need to consider their position in the tolerance band<sup>51</sup>). If this is the case, we would expect to see the first evidence of this growth in the data returns we receive in late 2010.

### Potential disincentives

- c. Part-time study is generally considered to be more expensive to provide than full-time study, although the exact cost is hard to establish.
- d. Some institutions will also see part-time provision as risky, due to the lower completion rates and the potential impact that this can have on funding from HEFCE.
- e. Perhaps the biggest factor militating against the growth of part-time provision at present is the strong demand for full-time undergraduate provision. To make a significant shift towards part-time provision, institutions need to re-think their curriculum, their use of estates, the working hours of staff and the support that they offer students. There is little motivation for institutions to undertake these challenges when they can recruit to target on their present business model, and demand from students is limited.

140. The OU provides a clear exception: it has grown strongly over the past five years, and its application to the University Modernisation Fund demonstrates its interest in further growth. However, as the OU appeals mainly to mature students, studying at lower intensities, and not always intending to complete a degree, its appeal to the younger students who

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<sup>51</sup> A margin of  $\pm 5$  per cent around standard resource, within which HEFCE wants an institution's assumed resource to fall. See 'Guide to funding: how HEFCE allocates its funds' (HEFCE 2010/24).

presently choose to study full-time is hard to predict in the light of changing policy and student support parameters.

### **Meeting our priorities**

141. It is generally thought that part-time and flexible provision will increase access to higher education from groups who have traditionally shown lower participation trends. Certainly, part-time students are more likely to be mature: HESA data for 2008-09 show that part-time students are on average 12 to 15 years older than full-time students studying for a first degree. Indeed, the lower the intensity of study, the older the student is likely to be. Other widening participation effects are less clear. For example, students from low-participation neighbourhoods are slightly more likely to study part-time, but this effect is not pronounced. Part-time students are more likely to identify as White, which may be seen as a widening participation effect, given the under-representation of certain White groups in higher education.

142. Part-time provision plays, and will continue to play, a crucial role in developing the skills of those who are already in work. Sometimes this will be with the support of the employer, who may contribute towards student fees, provide day-release, or offer in-house training accredited by an HEI. Often, students study independently in their spare time. Our work on employer engagement highlights that employer/employee demand-led provision often requires learning to be blended and bespoke. This can be costly unless delivered at scale.

143. Part-time provision is not a cheaper way of delivering higher education. Although there are efficiencies in terms of student support in the current funding regime, the costs met by HEFCE through our current funding method are significantly higher. Part-time provision could also be seen as less efficient at producing graduates, given the significantly lower completion rates of part-time students.

### **Part-time provision: key messages**

144. We believe that the current student support regime provides the main barrier to the growth of part-time provision. Under the present system, students who might have considered high-intensity, part-time study are persuaded to follow the full-time route due to the more generous system of grants and loans. This situation could alter should there be a change to the student support system following the recommendations of the Independent Review of Higher Education Funding and Student Finance. However, even then, change is likely to be gradual and limited as there are non-financial reasons that incline students – particularly young students – towards full-time study.

145. Should growth of part-time provision be identified as a priority, we recommend that the focus should be on high-intensity part-time provision, in which the student studies at an intensity of 50 per cent or above. As noted in paragraph 123, students studying at higher intensities are significantly more likely to complete their qualification aim. Some institutions have had success in offering very high-intensity part-time provision in which a student completes a first degree part-time in four or five years. Birkbeck College offers a large

number of first degrees delivered over four years, typically in the evening, and one of the Flexible Learning Pathfinders, the University of Northampton, is piloting 'extended degrees'<sup>52</sup>, which also enable students to complete a degree in four years. It may be possible for these models to be extended more widely across the sector.

146. Some institutions are already very committed to part-time study, and of these a few may wish to grow their provision. We know that this is true of the OU, although it is currently less likely to provide the sort of high-intensity part-time provision discussed above. Institutions presently have little incentive to convert full-time places to part-time places, particularly given present demand for full-time provision. Part-time provision may also be seen as risky by some institutions due to the additional costs, and the risks of non-completion.

### **Other issues**

147. This section describes a range of factors in the higher education environment, including learning technology, credit accumulation and transfer, FECs and work-related learning. Some of these were specifically suggested by BIS for inclusion in this report. We also discuss some of the ways in which higher education enables diverse provision, through for example, Lifelong Learning Networks (LLNs) and workplace learning. We would recommend that any attempt to encourage a further shift towards diverse provision should draw on the potential of these features.

148. We do not consider these as diverse forms of provision in their own right. For instance, FECs provide full-time three-year degrees as well as foundation degrees, and credits can be used to support all varieties of provision. However, these factors are often particularly important for enabling and facilitating the forms of diverse provision discussed in the sections above, and those not considered in detail in this report.

### **Further education colleges**

149. Although only 7 per cent of students registered at institutions in England are taught higher education courses in FECs, the colleges are important players in delivering part-time, local and work-related learning. For many, this development is rooted in their history and experience as providers of vocational and technical training. Forty-seven per cent of higher education students taught at an FEC are studying part-time. In 2007-08, 7 per cent of total part-time higher education provision was in FECs and 93 per cent was in HEIs. In the years for which data are available<sup>53</sup>, there was a marked increase in the proportion of foundation degrees being delivered through FECs, rising from 48 per cent in 2001-02 to 75 per cent in 2006-07.

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<sup>52</sup> For more information see [www.northampton.ac.uk/info/20053/courses/94/four-year-extended-degrees](http://www.northampton.ac.uk/info/20053/courses/94/four-year-extended-degrees).

<sup>53</sup> In 2007-08 and 2008-09, a number of HEIs failed to return the teaching locations of some of their students to HESA so figures for these years are not accurate (see HEFCE 2010/12).

150. In terms of student characteristics, the proportion of full-time entrants from low-participation neighbourhoods commencing a foundation degree at an FEC is higher than that for HEIs. A comparison of full-time entrants in 2006-07 to 2008-09 shows that entrants to HEIs from low-participation neighbourhoods are at least seven percentage points lower than equivalent proportions for FECs.

151. As well as offering foundation degrees, FECs have strong links with local employers, providing tailor-made programmes, accrediting training and providing continuing professional development at higher education level. Colleges also play a key role in LLNs (which are discussed in paragraphs 183 to 186).

### **Work-related learning**

152. Work-related learning provides opportunities for students to gain knowledge and competencies related to the workplace (foundation degrees are a case in point). Some students will be engaged in study related to their own workplace, while others will be developing their own interests or preparing for a change in career.

153. There has already been substantial investment by HEFCE and other organisations in supporting universities and colleges to be flexible and responsive to the needs of those in employment. Supply-side rigidities are likely to be the main barrier to expansion. Employer demand for higher education is challenging to drive up – research shows that only a portion of training needs are appropriately met by higher education – and that when employers do identify higher-level skills needs, they use a range of strategies not always linked to learning to secure these. For example, a company may simply recruit specialists or even acquire another organisation to develop an area of expertise. A further challenge is that employer or employee demand-led provision is often required to be bespoke and that this is expensive unless delivered on a large scale.

### **Credit, and credit accumulation and transfer systems**

154. The QAA describes credit as ‘a means of quantifying and recognising learning whenever and wherever it is achieved’<sup>54</sup>, meaning it can enable comparison of amounts of learning achieved in different contexts. Most HEIs in the UK use a credit system, as do institutions in Europe<sup>55</sup>. Credit accumulation and transfer (CAT) systems enable students’ learning to be recognised if they move institutions nationally and internationally. Indeed, the European Credit Transfer and Accumulation System is a key component of the Bologna Process<sup>56</sup>. A distinguishing feature of the UK use of credit is its link to learning outcomes,

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<sup>54</sup> For more information see [www.qaa.ac.uk/standardsandquality/credit](http://www.qaa.ac.uk/standardsandquality/credit).

<sup>55</sup> UK credit frameworks include the Higher Education Credit Framework for England, the Scottish Credit and Qualifications Framework (SCQF), the Credit and Qualifications Framework for Wales (CQFW), and the Northern Ireland Credit Accumulation and Transfer System (NICATS). The European Credit Transfer and Accumulation System (ECTS) is used in the rest of Europe (but also by some UK HEIs). UK credit systems are compatible with ECTS.

<sup>56</sup> For more information see [www.europeunit.ac.uk/eu\\_policy\\_education/ects.cfm](http://www.europeunit.ac.uk/eu_policy_education/ects.cfm).

which enables amounts of credit to be associated with the level of learning<sup>57</sup> and the detail of what the student has achieved.

155. UK credit is awarded for a specific set of learning outcomes – for example, for a module or programme. Credits can be accumulated over time (although some time limit may be imposed on accumulation to ensure currency; this may be more relevant in some disciplines than others). A key implication of this flexibility in terms of diversity of provision is that it provides an accepted currency in which to recognise courses that are either extended or compressed (that is, through part-time or accelerated degrees).

156. In a 2009 QAA survey of UK higher education institutions, 108 out of 129 institutions responded and, of those, eight did not have credit systems in place. The main reason given for not adopting a credit-based system was that the institution did not offer modular courses. Of the 100 respondents that did have credit systems, 96 stated that their systems aligned with the Higher Education Credit Framework for England<sup>58</sup>.

157. Credit-based study can facilitate students flexing their mode, pace or institution of study. Currently such flexibility exists in theory, but is not always easy to exercise in practice, because despite the use of a credit system, institutions may place restrictions on how CAT works. Part of the reason for this, at least in relation to accumulating a complete programme of study, is that credit needs to be at an appropriate level and may need to reflect appropriate learning outcomes, in other words those that fit with the proposed area of the award. Ensuring this is the case generates extra recording and checking activity for institutions. Such flexibility brought about through CAT requires detailed record keeping. The Higher Education Achievement Report that is currently being piloted may help with this aspect of CAT. In terms of future policy, if HEFCE funding or student support became more explicitly based on credit, this might also facilitate students being able to flex aspects of their study to a greater degree.

### **Learning technologies (and distance education)**

158. Learning technology in general, and online learning in particular, can both support wide ranges of types of provision and study, including those that are less traditional and more diverse. They are not ends in themselves, but can be used to support both on-campus and off-campus learners, those studying at different intensities and in different places.

159. An obvious area where learning technology and online learning can play a role is in supporting distance learning. Distance learning can be full-time study, but is more often (especially in the UK) part-time, enabling students to balance higher education with other commitments. Of the distance learners captured by the HESA record (which is likely to understate the true prevalence), distance learning is particularly common among part-time learners studying for first degrees or other sub-degree level qualifications at 0.5 FTE or less.

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<sup>57</sup> Levels of learning are understood in terms of the Framework for Higher Education Qualifications. See footnote 10 and paragraph 24.

<sup>58</sup> For more information see [www.qaa.ac.uk/standardsandquality/credit/creditsurveydec09.pdf](http://www.qaa.ac.uk/standardsandquality/credit/creditsurveydec09.pdf).

HEFCE 2010/12 reveals that 22 per cent of part-time entrants in 2008-09 were studying by distance learning. Distance learning is in practice often not 'total distance learning' as it is frequently complemented with, for example, residential study weekends or face-to-face tutorials.

160. Learning technology and online learning can take their place in distance education alongside other pedagogic approaches to facilitate flexibility and diverse provision. A recent report to the Online Learning Task Force concluded that once the activity of the OU is excluded, distance provision in the UK that has a significant proportion of online learning is most prevalent at Level 7 – postgraduate – and very much focused on professional development areas<sup>59</sup>. There may be more potential for institutions other than the OU to use online learning in distance education at undergraduate level. However, the OU already does this on a large scale and has an excellent reputation; it is not clear what further choice other expansion might offer to home students, nor at what cost.

161. Online learning and learning technology when used appropriately provide opportunities for institutions to enhance the quality and nature of the provision they offer students. This is true for both traditional and more diverse forms of provision. The Higher Education Academy and Joint Information Systems Committee support the sector in using learning technologies, by developing better practice within subject communities and supporting innovative uses of technology. They are also working together on a programme to develop and evaluate the use of open educational resources. These potentially have much to contribute to the debate, because open resources mean material is freely available to be used by other lecturers and by a wider group of students, making it easier to share and access.

162. The Online Learning Task Force has discussed the issues of diverse forms of provision and has debated how online and distance learning might meet the needs of new and new types of students (including workplace learners and part-time students who would not previously have accessed higher education). In its recommendations, the task force discusses how institutions might use online learning to support all learners<sup>60</sup>.

### **Private providers**

163. While about 30 per cent of higher education globally is estimated to be provided by private providers, the private sector is much smaller in the UK. The precise scale is extremely difficult to measure, because there is no requirement on private providers to report their enrolment data to Government and the various accreditation bodies do not share with each other the information they collect. The majority of higher education private providers are in London and the South East. They generally deliver courses in a limited number of niche markets: typically business/management, finance/accountancy, IT, law, and religious

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<sup>59</sup> 'Study of UK online learning', a report from Technology Assisted Lifelong Learning, University of Oxford to HEFCE for the Online Learning Task Force. Available at [www.hefce.ac.uk/pubs/rereports/2010/rd17\\_10](http://www.hefce.ac.uk/pubs/rereports/2010/rd17_10).

<sup>60</sup> 'Collaborate to compete: Seizing the opportunity of online learning for UK higher education' (HEFCE 2011/01).



training. Fees vary, but the great majority are set at broadly comparable levels to regulated fees. Students on 'designated' courses (a list approved by BIS and its predecessors) are eligible for student support.

164. Legislation only permits HEFCE funding of private providers indirectly through a franchise arrangement with an HEI, and then only where the funding relates to 'expenditure incurred' by the HEI. Legal advice suggests this requires the HEI to be 'in control' of the expenditure: there would be concern about any obvious profit-making arising from franchises to private providers.

165. There are several business models for private provision:

- a. **Private providers offering a UK degree using degree-awarding powers.** At present there are four private providers with degree-awarding powers: The University of Buckingham, BPP University College, The College of Law, and Ashridge Business School. There are a number of others that aspire to achieving degree-awarding powers, notably Regent's College and Kaplan Open Learning.
- b. **Private providers offering their own non-UK awards.** It is estimated that there are between 50 and 70 overseas universities with bases in the UK offering their own degree or other award. In the main, these are American universities catering for US nationals on study-abroad programmes, but there are exceptions, for example Richmond American International University and Regent's College.
- c. **Private providers offering an award from a UK or foreign partner institution.** The most common category is that of a private provider offering either a franchised course or an award validated by a UK higher education institution. The Fielden survey<sup>61</sup> indicated that at least half of HEIs have validation agreements with private providers. A smaller number of private providers have international validation.
- d. **Public-private partnerships in content design and delivery.** Some private providers offer their own certificated module within a UK partner's degree award (typically IT or professional bodies). There are some joint awards between institutions and professional organisations such as Pitman Training or IFS School of Finance. In some cases, private providers manage the online delivery of an HEI's courses.
- e. **Pathways for international students.** A number of private providers operate pathways for international students to enter HEIs, often through partnerships with the HEIs, and in some cases on the same campus. They typically deliver pre-university courses and diplomas allowing entry into second-year university study.

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<sup>61</sup> Fielden, J et al, 'The Growth of Private and for Profit higher education providers in the UK' (Universities UK, 2010), available at [www.universitiesuk.ac.uk/Publications/Pages/Privateandforprofitproviders.aspx](http://www.universitiesuk.ac.uk/Publications/Pages/Privateandforprofitproviders.aspx).

166. It is sometimes argued that the competition inherent in private provision drives excellence. Certainly some private providers have, anecdotally, good reputations among students and employers. Some of these offer innovative provision (for instance online, tailored for employers, with flexible study patterns) or provision with small classes and strong student support.

167. Private providers may have more scope to deliver flexible learning at attractive prices, because they are not subject to the same staff employment contract obligations as HEIs (teaching staff in particular may often be employed part-time, term-time only), and are not usually also conducting research. In addition, they generally offer a limited range of subjects, may offer different/less staff development and training opportunities and are perhaps less susceptible to institutional inertia.

168. There is the possibility that, particularly in the current economic climate, private providers could absorb some of the excess demand for higher education at relatively low cost to the Government (although still with implications for the student support budget).

169. There are a number of risks associated with an expansion of the role of private providers in higher education:

a. The short-term and long-term goals of private providers may not match the national interest. Private providers may only focus on those subjects, and those kinds of students, that are most profitable. They will not necessarily have an interest in widening participation or the high-cost STEM subjects, for example. There is also no guarantee that they will continue to provide certain kinds of higher education if these do not remain profitable.

b. Private providers present various issues relating to quality. They are not obliged to submit to QAA audits, although they may choose to do so. In addition, they are not subject to the same data return requirements as HEIs, and there is no equivalent of the National Student Survey operating in the private sector. This lack of regular, reliable and valid data flows makes it difficult to monitor the private providers and the student experience they provide, and inhibits policy making: as noted in paragraph 163, it is even difficult to obtain such basic data as the total number of students enrolled at private providers.

c. Private providers are not under the pressure or obligations of HEIs to provide transparent marketing and comparable public information. Some qualifications may not be as widely recognised as those from a publicly funded UK higher education institution.

d. There is pressure on private providers to deliver courses that are profitable and in high demand; when market or regulatory circumstances change rapidly this can have a severe impact on institutions, and therefore on students.

e. There could be problems of a different nature if the private sector were to grow, because increased competition could place more HEIs at financial risk, jeopardising

the whole of their provision, including that which private providers would see no advantage in offering.

170. Taken together, a number of these risks may amount to a reputational risk for UK higher education. Australia has been struggling recently to protect the value of its international education brand as a result of a spate of closures of private providers.

## **Strategies for encouraging diverse provision**

### **What do we do already to encourage and enable diverse provision?**

171. Our recurrent funding for teaching takes into account various factors relating to diverse provision. Diverse forms of provision are also funded through various special HEFCE initiatives, such as the Flexible Learning Pathfinders and the Workforce Development Programme. However, support through these special initiatives is generally intended to remove disincentives for engaging in diverse provision and to provide development funding for new initiatives. It has not been designed to encourage a shift away from full-time, three-year degrees but to provide additional ways in which students can study – our approach so far has been that institutions should determine the mix of provision that best meets the needs of students and employers.

### **Support for diverse provision through recurrent funding**

172. The current teaching funding method also supports diverse provision through targeted allocations<sup>62</sup>. These are provided in addition to core HEFCE funding and recognise the additional costs of important or vulnerable features of higher education, in accordance with policy initiatives. At present, targeted allocations support foundation degrees, part-time study and accelerated and intensive provision.

#### Foundation degrees

173. Funding through a variable targeted allocation for foundation degrees was provided to recognise the higher costs associated with partnerships between institutions and employers. Funding is distributed pro rata to foundation degree student FTEs (not including employer co-funded foundation degrees) and the rate of funding for 2010-11 is approximately £178 per full- and part-time foundation degree FTE. In response to the Government's request for efficiency savings, and following consultation with the sector, we will phase out this funding over two years from 2010-11.

#### Part-time study

174. The targeted allocation for part-time undergraduates recognises the additional costs associated with part-time students; for example, administration costs for two part-time students each with a FTE of 0.5 will be more expensive than one full-time student. The total

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<sup>62</sup> For more information on HEFCE's funding method, see 'Guide to funding: how HEFCE allocates its funds' (HEFCE 2010/24).

funding for this targeted allocation is calculated each year on the basis of part-time undergraduate FTEs funded through the HEFCE teaching grant. In 2010-11, £72 million will be available to support part-time provision and the rate of funding is approximately £679 per part-time undergraduate FTE. Part-time student numbers are also used to calculate elements of funding for widening participation and teaching enhancement and student success. For 2010-11 we are distributing £68 million for widening access for part-time undergraduates from disadvantaged backgrounds and £54 million for improving retention of part-time undergraduates.

#### Accelerated and intensive provision

175. Some courses are taught over longer periods than others within the year and so cost more. Students studying on courses that last for 45 weeks or more within one academic year attract a targeted allocation, although this does not apply to courses in price group A, where the course length has been taken into account within the cost weighting. This targeted allocation primarily recognises postgraduate taught courses, but also encompasses students studying on accelerated degrees. The rate of funding is approximately £1,031 per FTE weighted by price group.

176. In addition, our mainstream teaching funding is designed in a way to enable a wide variety of provision. For instance, our funding method does not prescribe the length of a course, or the method of delivery. The funding that we allocate to each institution is based on the number of students who complete their initial study intentions each year. However, we offer additional funding, through the partial completion weighting, to recognise the costs of teaching students who complete less than they initially expected to.

177. We are presently engaged in a long-term review of our teaching funding method. This will lead to changes to the method from 2012-13. In paragraph 45 of the consultation document 'Review of the teaching funding method: consultation on key principles and features' (HEFCE 2010/10), we make clear that we wish to support flexible learning, primarily because it meets students' needs. It will be important for us to ensure that any changes to the teaching funding method take into account changing patterns in how higher education is delivered, including any shift towards diverse provision.

#### **Special initiatives to support diverse provision**

##### The Workforce Development Programme

178. In 2007, HEFCE initiated its three-year Workforce Development Programme which expanded earlier pilot activity on testing co-funding with employers. Through the programme we have invested approximately £103 million to support infrastructure development in HEIs to expand responsive workforce development, and over £48 million to support co-funding with employers. The programme aims to: increase employer investment in higher education; support employee learners, particularly those without prior higher education qualifications; and support infrastructure developments across higher education to encourage increased scale and pace of workforce development.

179. The programme is now supporting more than 90 lead institutions to deliver co-funding (HEIs and FECs). The programme is on track to achieve the Government's targets of 35,000 additional entrants into higher education in 2008-11 that are co-supported by their employers (with over 8,000 additional entrants in 2008-09).

180. The average rate of employer co-funding in 2008-09 was 30 per cent (£4.2 million), of which 54 per cent was public sector and 46 per cent private sector employers. Forty-three per cent of contributions were in cash; 57 per cent were in kind. The provision largely comprises programmes which are fewer than 240 credits, with 41 per cent resulting in institutional credit. Ninety-three per cent of learners on these courses in 2008-09 were studying part-time. Of these, 43 per cent were aiming to complete their qualification in a year.

181. Alongside support for institutional projects, the programme is also tackling sector-wide supply-side barriers to responsiveness through, for example, three higher-level skills pathfinders which are looking to connect higher education more effectively to regional skills needs. The projects have developed innovative approaches such as the 'shell framework' in the South West, which allows credit accumulation across a range of institutions, and the business sector commissioning panels in the North West, where employers commission specific provision and institutions bid to deliver it. We are also engaged in co-funded projects with Sector Skills Councils, which are working with consortia of HEIs to develop a range of flexible provision, developed with strong employer involvement and supported through joint investment models.

182. The Workforce Development Programme has, however, highlighted important challenges and barriers in delivering this provision at scale. Workforce development is at very different stages of development in HEIs across the sector. Within institutions, co-funding is just one mechanism of financing provision and it may be embedded organisation-wide or be specific to certain courses. For many HEIs, it is not clear that up-scaling individual co-funding projects institution-wide is financially viable. Work currently being undertaken by the South West Higher Level Skills Pathfinder suggests that employer-responsive programmes require significant and sustained contribution from employers, both financial and in kind, to cover an institution's costs<sup>63</sup>. Securing this level of contribution – particularly on a sustained basis – is often challenging. In addition, it is not clear that employers either wish, or have the capacity, to be involved in elements of designing and delivery of the course. Institutions will therefore seek a balance between bespoke and off-the shelf learning in a way that ensures their offerings are attractive, cost-effective and sustainable.

#### Lifelong Learning Networks

183. HEFCE has funded 30 LLNs since 2004. LLNs are a means of enabling vocational learners to progress into and through higher education. Their aim is to create new learning

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<sup>63</sup> See 'Employer engagement: the costs of the development and delivery of work-based learning experiences', available at [www.hefce.ac.uk/pubs/rdreports](http://www.hefce.ac.uk/pubs/rdreports).

opportunities, forge agreements across institutions on how qualifications are valued, and help people understand how to progress through the system. Rather than focusing on diverse provision as an end in itself, they are more a means of facilitating progression in the vocational sphere, which may involve forms of diverse or non-traditional provision, such as foundation degrees, work-related learning, provision developed in partnership with employers, and apprenticeships.

184. In order to achieve their objectives, LLNs undertake curriculum development to facilitate progression: to remove barriers; to create bridging provision that forms part of the higher education offer; and to involve employers through foundation degrees, work-related learning, learning technology and collaborative modules. Network-wide progression agreements are underpinned by agreements on credit that clearly define expectations about progression that learners can reasonably hold, and make institutional commitments that those expectations will be met.

185. We monitor progress on these objectives annually. The monitoring reports show that, of the LLNs able to quantify the number of learners progressing through progression agreements, over 19,500 learners are expected to progress per year. LLNs also estimate that nearly 55,000 learners have the potential to benefit from the progression agreements per year. To date, approximately £105 million and 15,000 ASNs have been allocated to fund 30 LLNs.

186. Our funding for them is coming to an end, but many are self-sustaining in one way or another. As of March 2010, the HEFCE funding for 10 LLNs has ended. Of these 10, seven networks are continuing in a similar form with support from partners, with the remaining three putting in place processes to ensure that activities are embedded in partner institutions.

#### Flexible learning pathfinders

187. From 2005-2010, HEFCE funded eight institutions through our Strategic Development Fund (SDF) to develop and pilot flexible forms of provision. This initiative was set up in response to the 2003 White Paper. HEFCE was asked initially to pilot accelerated two-year honours degrees, but the remit was widened to include other forms of flexible delivery. The flexible modes of delivery piloted include accelerated honours degrees, four-year 'extended' degrees (that is, intensive part-time degrees), accelerated foundation degrees, blended learning delivery, work-related learning, continuing professional development and various other models. Each of the pathfinder institutions received a minimum of £250,000 development funding, with two receiving considerably more, for larger projects.

188. Because this was a pilot project, it was initially envisaged that funding would be for a limited period and that the pilots would be evaluated in order to understand the issues around the various forms of provision trialled. The Higher Education Academy carried out an interim evaluation in 2009, with a final evaluation to be published early in 2011. SDF funding for the pilots has now ended, and because of recent changes to SDF criteria, it is now very unlikely that any further SDF funding will be available for new institutions wishing to develop flexible programmes or for existing institutions to widen their provision. Although it was a pilot

project, there was an assumption that if the flexible provision were found to be viable, institutions would continue to offer and increase it, once development funding ended; and that once developed, the provision would be sustainable. This has been the case in some of the institutions and with certain forms of delivery, but with some of the pilots, the likelihood of continuing with accelerated degrees in particular has been called into question because of the issues of costs, fees and funding (see paragraph 103).

## **Options for encouraging a wide range of provision**

### **Background**

189. As discussed above, English institutions already offer a wide variety of higher education courses. Provision is not restricted to three-year full-time degrees, but includes part-time provision, accelerated courses, foundation degrees, sub-degree provision, distance learning and work-based learning – to name but a few of the modes of study that might be labelled ‘diverse’.

190. A variety of factors affect this picture in different ways. For instance, if we see changes in the fee regulations as a result of the current review, institutions may be willing to diversify their offer in order to differentiate themselves from their competitors. Changes in the fee regulations may also mean that students find flexible provision as affordable, or even more affordable, than traditional three-year degrees. On the other hand, the present financial climate is likely to discourage institutions from taking risks – and a move away from a successful, established model into an area which is potentially more expensive, and for which demand is largely unknown, could be perceived as risky.

191. In offering full-time places, institutions are currently subject to student number controls. This might encourage some institutions to increase their part-time places, because part-time student numbers are not currently subject to control. If such growth takes place, we would expect to see the first signs in academic year 2010-11. Full-time foundation degrees and accelerated degrees, however, will not be favoured by this, because they are subject to the student number control. At present, demand for more traditional higher education outstrips supply, and this is another factor which will militate against diversification: if institutions can easily recruit to target on standard programmes, they have less incentive to explore new models. This, though, can vary significantly between individual institutions and even courses, dependent upon their ability to ‘select’ or their need to ‘recruit’ students. Institutions may also have, as a central part of their mission, a commitment to developing greater flexibility of provision in order to facilitate access to groups currently under-represented in higher education.

192. Below, we consider the additional steps that might be taken in order to encourage a further shift away from three-year, full-time degrees and towards more diverse forms of provision. These often go beyond the various forms of institutional support outlined in the previous section, and generally amount to significant market interventions. If BIS or HEFCE were to use any of these mechanisms, it would be crucially important to be clear about what

they are intended to achieve. Each one of the forms of diverse provision that we have discussed has the potential to deliver different policy objectives.

### **Supply-side measures**

193. We have the potential to influence institutions' behaviour through the funding that we allocate. It should be noted, though, that our potential to change institutions' behaviour is often limited. HEFCE provides less than half of the income of most HEIs, and we would expect this to decline further should there be an increase in tuition fees. This means that institutions' behaviour will be driven by funding levers outside HEFCE's sphere of influence. Institutions will also consider reputational factors alongside any funding opportunities; those institutions whose reputation is closely tied to standard provision might be unwilling to shift towards other models of provision, regardless of any funding incentive.

194. It is also important to emphasise that supply-side measures which require significant additional funding may not be feasible in the current economic climate where Government is seeking to cut public expenditure. Therefore, we set out these measures as examples of what could be achieved, were the funding available in the future.

#### Allocating student numbers.

195. This might be the most effective way to encourage institutions to offer a wider variety of provision. We could, for instance, encourage growth of accelerated degrees by offering ASNs to institutions that are willing to begin to offer, or to increase, this provision. These student numbers would generally be allocated through a competitive bidding process. In our experience, institutions are usually willing to respond to the allocation of student numbers, although responses tend to be uneven across the sector (many research-intensive institutions are not currently looking to grow, and so may be less likely to bid for ASNs).

196. Allocating additional student places may currently be expensive, particularly for 'non-standard' provision. Both foundation degree and part-time students attract high levels of pro-rata funding through HEFCE's current funding method, in recognition of the additional costs that institutions incur when offering diverse provision. These costs, together with the student support costs incurred by full-time students, are likely to make allocating ASNs very difficult in the current financial environment.

197. One possibility would be to fund the growth of diverse provision through reducing funding for three-year full-time degrees. However, at present, demand from students wishing to study for a three-year, full-time degree is strong, making this a controversial strategy. Some institutions might see this as unnecessary intervention in the higher education market. HEFCE's experience, for example implementing the ELQ policy, is that withdrawing or reducing funding from a particular sort of provision is complex and often controversial.

#### Premium funding

198. An alternative to new student places would be to attach premium funding to existing places where an institution seeks to diversify its offer through shifting numbers away from three-year full-time degrees and towards diverse forms of provision. The 'strategic margin'



that we propose as part of our new funding method would provide a vehicle for this approach. At present, foundation degrees, accelerated degrees and part-time study already attract a form of premium funding through the system of targeted allocations, although these allocations are currently seen as recognising costs (and hence removing disincentives), rather than incentivising growth.

199. There are some difficulties with premium funding. First, the costs of diversifying provision have not yet been fully and objectively assessed, so setting a funding framework at the present time would be based on limited evidence, and may or may not provide the intended incentive. Second, any premium funding for 'diverse provision' would need to be significant and long-standing in order to encourage new developments in this direction, rather than simply providing some rewards for institutions who already following this path. In the current climate of public funding restrictions, this option seems unlikely. Creating such a funding stream through a 'top-slice' of core teaching funding would be highly unpopular, particular at a time when the unit of resource is already at threat from the need to make savings.

#### Development funding

200. A third option is to offer discretionary funding to universities along the lines of HEFCE's Strategic Development Fund. This would enable HEFCE/BIS to create criteria for the use of funds, including, for example, a commitment to continue with diversification of provision on a self-funding basis after the initial money has been used. The provision or shifting of student numbers would still have to be considered.

201. There are models already operating in the sector that could be encouraged to move forwards with some additional funding – the Flexible Learning Pathfinders have been exploring non-standard provision for some time, and could be expanded. Staffordshire University and the Higher Education Academy have both produced reports on this work, and one option is to continue to use those institutions already involved, perhaps offering some further funding to help them broaden what they already do. However, the experience as reported by Staffordshire and the Higher Education Academy has not been entirely straightforward, and creating genuine progress is not as easy as simply making more funding available – even if this is an option in the first place.

#### **Demand-side measures**

202. We can attempt to influence institutions' behaviour through offering funding incentives, as described above. However, a shift towards diverse provision can only take place if demand is also present from students. To some extent, the supply-side might have a knock-on effect on the demand-side: if institutions begin to heavily promote alternative forms of provision, this might provoke new, previously latent, demand from students. However, since this cannot be guaranteed, we would not recommend the use of supply-side measures without also taking steps to ensure that demand from students is encouraged.

203. HEFCE has limited ability to address demand-side issues. However, for completeness, we consider below some of the changes that might encourage increased demand from students for diverse forms of provision.

#### Changes to the student support regime

204. This issue relates mainly to part-time study. Many institutions advise HEFCE that a major disincentive to part-time study is the student support regime, including the need to pay fees up front and access to limited maintenance loans. Should a more generous support package be extended to part-time students, we would anticipate an increase in the demand for part-time provision. Conversely, should less generous support be available for students studying full-time, we might anticipate a shift towards part-time study, as students explore the option of combining study with even more substantial paid work.

205. This second scenario could also encourage a shift in the opposite direction: towards accelerated provision. In his report into accelerated degrees at Staffordshire University<sup>64</sup>, Davies concludes that a student on a two-year accelerated degree could save £20,000 in living costs and opportunity costs. Thus, students who are not able to draw down student support, and/or who wish to minimise their debts, might be tempted by the accelerated route. However, we are less confident that this would happen, because accelerated provision is not yet a recognised option for the majority of students.

206. In assessing any change to student support regulation, the motivations of students would be a major consideration: diversifying provision ought to mean offering students a choice to enable them to engage with higher education in a way that is personally relevant, and not simply become a decision about which course offers them the most financial support.

#### Better information

207. The decision-making process that students go through when assessing which courses to apply for, and which mode of study might suit them best, is hard to analyse. However, from work done by the Flexible Learning Pathfinders, it does appear that many students might have chosen an accelerated degree, for example, but were unaware at the point of application that such courses were available. There is therefore potential to increase demand for diverse forms of provision through more and better information being made available to students. This could be done by individual universities in their course prospectuses, or through UCAS, or through a national campaign; decisions in this area need to align with other information, advice and guidance work currently in train.

208. In addition to those areas noted above, there is practice in the higher education sector of various kinds which is already helping to diversify provision, and could be developed

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<sup>64</sup> 'An evaluation of the introduction of fast-track (2 year) degree programme: Final report', (Staffordshire University, 2009) Available at [www.staffs.ac.uk/schools/business/iepr/docs/FastTrackEvaluationFinalReport.pdf](http://www.staffs.ac.uk/schools/business/iepr/docs/FastTrackEvaluationFinalReport.pdf),

further with the right level of commitment and, almost inevitably, funding support. Under this heading would be online learning, work-place learning, CATS, use of private providers, and co-funded student places.

### **Encouraging a wide range of provision: key messages**

209. At present, the demand for traditional higher education looks set to outstrip supply, and the public funding available to universities is likely to fall in the short and medium term. This creates a large number of different forces which are hard to predict. For instance, institutions may be more willing to explore diverse forms of provision, to see whether they offer potential efficiencies. But it might also be the case that institutions (and possibly students) become more risk averse in the current financial environment, and therefore less willing to explore routes other than three-year full-time degrees.

210. In relation to diversifying provision, the main factors from HEFCE's point of view are that:

- a. Effecting change without further financial support will always be challenging.
- b. More evidence about the costs and benefits of 'diverse' provision would very much help inform discussion.
- c. Any future approach should seek to address demand as well as supply. Some supply-side issues may be addressed through the current Independent Review of Higher Education Funding and Student Finance; others may require the provision of better information for students (and perhaps, in the case of accelerated degrees, a co-ordinated profile-raising campaign).
- d. The views of institutions, individually or collectively, are, as ever, an essential part of the discussion.

## **Conclusion**

211. The higher education landscape is already highly diverse. Institutions offer a wide range of qualifications, including honours degrees, foundation degrees, HNDs and HNCs. These may be studied full-time, part-time, or through accelerated learning. The place of study is not restricted to universities and higher education colleges: students are also studying in the workplace, through distance learning, and in FECs.

212. Although the three-year full-time degree remains the most common route of study, recent trends have been in favour of diversification – the rapid growth of foundation degrees is an example of this.

213. We support diverse forms of provision in a number of ways. We have provided special funding for initiatives such as the Flexible Learning Pathfinders, the Workforce Development Programme and the Lifelong Learning Networks. Our recurrent funding for teaching recognises the additional costs associated with forms of provision such as part-time study and accelerated provision.

214. However, our approach so far has been to encourage and enable institutions to provide diverse provision in response to existing demand. We have not attempted to shift demand from students away from the three-year, full-time route. As noted in paragraph 18, we think that the latter approach would be a significant market intervention, and would be more challenging to achieve.

215. The evidence that we have considered suggests that there is some potential for further diversification, but there are also significant barriers. At present, there is a high level of demand for full-time undergraduate provision. This reduces the incentive for institutions to increase diverse forms of provision, particularly if these are perceived as expensive and high risk. The present financial climate also presents an obstacle; as discussed in paragraph 67, the strong growth of foundation degrees was only possible given substantial funding incentives.

216. We should set against these barriers, however, the possibility of changes to the student support regime which may follow the recommendations of the Independent Review of Higher Education Funding and Student Finance. In particular, an equalising of the student support arrangements for part-time and full-time students might change student motivations.

217. The discussions in paragraphs 85, 143 and 153 show that diverse provision is rarely the cheaper option, and that apparent savings often turn out to be offset by additional costs elsewhere in the system. This is not a surprising finding: diverging from the standard model is always likely to be expensive, particularly when provision is tailor-made – for instance, to meet the needs of employers – and economies of scale are difficult to achieve. Arguably, diverse provision should be seen as a premium product which attracts a higher level of funding (either from the state or from the student).

218. Another theme is that diverse provision is almost always more attractive to older students. The vast majority of young entrants to higher education choose the three-year full-time route. Changing demand from young entrants would be challenging, and would require not only a change to the student support regulations but also a shift in the way in which young people think about higher education and the student experience.

219. This is initial advice to Ministers, so we have not put forward firm recommendations, but have instead identified various options. Of these options, we would suggest that two merit particular consideration:

- a. We believe that while accelerated degrees are likely to remain a niche market, catering mainly to more mature students, some growth is possible. This could be facilitated by a centralised information campaign, which raises awareness of accelerated degrees.
- b. We also believe that part-time provision has some potential for growth, and we recommend that any such growth should focus on intensive part-time provision (that is, part-time provision with an intensity of 50 per cent, or greater). In contrast, the evidence suggests that foundation degrees have limited potential for additional growth, and may be close to reaching 'steady state'.

## Annex A Case studies

1. The case studies provided within this annex are from institutions offering alternative forms of provision to the traditional three-year undergraduate degree. The following examples demonstrate different initiatives run by five institutions. One of these is an example of a three-year degree, but delivered in a flexible and innovative way. The text below is provided by the institutions in question, and figures have not been checked by HEFCE.

### Case study 1: Open University – 2plus2 scheme

2. The scheme is a partnership between a number of universities, led by the Open University (OU). It provides students with a flexible, affordable way of gaining a chemistry or physics degree. With no previous qualifications required, students start by studying for two years part-time with the OU and then complete their degree by studying for two years full-time, face-to-face at a chosen partner university.
3. The 2plus2 scheme is one strand of the Collaborative Models Project, funded by HEFCE from the Strategic Development Fund. The five-year pilot involves different models for developing and delivering curricula in partnership for strategically important and vulnerable subjects.
4. Current partner universities are: the OU, Bangor, Lancaster, Leeds, Loughborough, Newcastle, Nottingham Trent, Reading, Salford, Sheffield, and UEA.
5. The aim is to encourage applications from three groups of applicants: those who do not have the requisite academic background for direct entry to traditional higher education; those who want a more flexible start to their studies; and those who want a more cost-effective way of achieving a degree in either chemistry or physics.
6. Students are accepted onto the scheme by the full-time partner institution. The OU has an open admission policy and therefore it is up to the partner to decide whether to accept a student on to the scheme. A successful applicant will be given a conditional non-UCAS offer which will specify that the student has to pass a set pathway of OU courses. Other conditions such as English language and maths qualifications may also be stipulated.
7. The student will enrol on part-time OU courses (modules) covering up to 160 credit points of study over two years (except for the alternative physics pathway which covers up to 190 points).
8. On successful completion of these OU courses, the student progresses into year 2 of the partner university's degree programme and, after successful completion of two or three years of study, graduates with a BSc/MPhys/MChem or similar qualification from the full-time partner.
9. It was originally intended that promotion would be the sole responsibility of partner institutions; however the central project team, based at the OU, has been active in this area. Working closely with UCAS, the OU has identified all science applicants not placed at the

end of the application cycle. These people are mailed with details of the programme. Other national promotional activity is taking place to supplement partners' local advertising.

10. The affordability of the scheme is seen as a strong 'selling point' – depending on where they live, students joining the OU with income of less than £17,000 can have all fees paid and receive money towards study expenses – parents' income is not taken into account. Some discretionary support is available for students earning up to £30,000. Many applicants have successfully applied for financial support from the OU. The scheme is endorsed and promoted by the Royal Society of Chemistry and the Institute of Physics.

11. Each two-year part of the programme is managed in full by the host organisation and is carried out under the fees structure of that organisation. The host university draws down normal HEFCE funding while the student studies with them. The student signs a document allowing for data transfer between the OU and the partner. Pastoral care is managed locally although it is deemed to be in the interest of the awarding partner to have some pastoral contact with the student during the OU years.

12. Around 60 students are currently studying on the 2plus2 scheme. Partners aim to recruit up to five students per subject per year.

### **Case study 2: Leicester College – foundation degree in footwear**

13. The teaching of footwear design and manufacture has been a feature of Leicester College for many years, reflecting the fact that the East Midlands was for some time the centre for shoe production. Despite the gradual decline of the manufacturing side of the industry, there continue to be career opportunities, mainly high-skilled, in buying and merchandising, design and high-value manufacture. More widely, there is a demand for higher-level skills in footwear in the global economy. In response, Leicester College provides higher-level training for both home and international students in footwear design and manufacture.

14. The foundation degree in footwear, devised by the college with the involvement of the industry and awarded by De Montfort University, is a mix of practical skills and theory. Successful graduates can either go directly into industry or progress to the third year of the university's honours degree. Overseas students can opt for the shorter Professional Development Diploma, co-taught with the degree, which they can complete in nine months. The mix of overseas and home students helps to enhance the experience for learners.

15. The course team have developed strong links with colleges in Japan, India and other footwear centres to help raise the profile of the degree internationally. Equally important to the long-term success of the programme, there is a particular focus on promoting the degree to local students – from the college and other schools and colleges in the sub-region. The introduction of new modules to the college's BTEC fashion programmes enables a wider pool of students to try designing and making shoes as well as garments and accessories. The response from learners to these modules has been enthusiastic and the footwear element to the curriculum has both enriched the further education provision and provided a significant core of applicants for the degree.

16. Key to sustaining the programme is the link with the footwear industry. One form of support is the sponsorship of equipment and software. A major firm in the industry provides the latest versions of its computer design software for free (teaching staff give their feedback on its use to help in continued improvements). Further sponsorship in the form of raw materials helps to keep down costs. Another local firm has supported the college by setting 'live briefs' to learners to develop a shoe to an industry-based specification. In one case, a student's design has gone into mass production. Opportunities for work experience give students first-hand experience of the industry; visits to local firms and talks from industry practitioners all help to make the students highly employable when they graduate.

### **Case study 3: The University of Bradford – BSc (Hons) pharmaceutical management, intensive part-time degree ('The Bradford Way')**

17. The University of Bradford is committed to offering a broad range of higher education opportunities to students. In order to maintain this commitment, despite limits on full-time home/EU undergraduate places and a challenging economic environment, the university has developed 'The Bradford Way'.

18. This new route into higher education offers students the opportunity to study for an honours degree in approximately four-and-a-half years. Over 40 courses are currently available across all seven of the university's academic schools.

19. A significant number of the university's students live locally and are already in part-time paid employment. The Bradford Way provides these students with the opportunity to work and learn.

20. BSc (Hons) pharmaceutical management, delivered by the School of Life Sciences, is expected to have approximately 10 places available for September 2010 entry via The Bradford Way. Applicants must meet the standard entry criteria for the course. Students study for 40 credits per semester rather than the usual 60, allowing additional time to consolidate their learning. The course content is identical to that offered on a full-time basis.

21. During the first and second year of study students cover all of the core modules which act as prerequisites. This not only ensures that they hold all of the core subject knowledge but also enables any of the optional modules available to be selected throughout the remainder of the course. Modules relating to career, personal development, statistics and experimental design have specifically been scheduled prior to the dissertation, which is undertaken during the final semester of study.

22. It is of paramount importance that students entering the university via The Bradford Way can benefit from the full student experience and access the university's full complement of student support services. Students study alongside those enrolled on the full-time course, with all teaching taking place during the normal university day. The university's programme of induction, with extensive input from the Learner Development Unit, is available in full to students studying via The Bradford Way. A personal tutor from the School of Pharmacy is assigned to each student to provide support for the duration of their university study. Staff in

student support roles are trained so that students can access accurate, appropriate information and support whenever necessary.

23. The nature of part-time higher education funding is such that eligible students with an income of less than £16,845 per annum could receive £985 towards their £1,200 tuition fees each year. Applications can be made to the Access to Learning Fund for the remaining £215, allowing the student to graduate debt-free. Parental income is not included in the assessment. As part-time students are not able to access loans, the university's Career Development Unit will provide support in seeking paid employment to fund living costs.

24. The University of Bradford School of Pharmacy has excellent graduate employment statistics, with 100 per cent of BSc Pharmaceutical Management graduates finding employment or entering further study in 2008. It is therefore anticipated that demand for the 10 additional places offered via The Bradford Way will be high and that the new route into higher education will become a popular choice for students.

25. It is hoped that The Bradford Way will assist the university in maintaining its commitment to offering a broad range of higher education opportunities, particularly at a local level, in 2010-11 and beyond.

#### **Case study 4: University of Plymouth – BSc (Hons) business management, two-year accelerated degree.**

26. The University of Plymouth's accelerated two-year honours degree in business management was developed for two main reasons: it filled a gap in the university's portfolio of business and management honours degrees; and it was a response to government-sponsored initiatives to encourage greater enterprise, flexibility and efficiency in the provision of undergraduate learning opportunities.

27. To guide the structure and content of the programme, the university also used research done by other universities<sup>65</sup> for information about existing and prospective student demand and employer needs. The research suggested that two-year accelerated honours programmes were attractive to students in certain market segments:

- high-calibre students who are keen to move ahead
- students intending to live at home
- those who might not otherwise go to university
- those in full-time work anxious to obtain a qualification or undertake a career change and return to employment as quickly as possible
- students intending to take a vocationally oriented degree

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<sup>65</sup> Jones, I, 2007, 'Market research into two-year degrees', University of Staffordshire (unpublished report) and McCaig, C, Bowers-Brown, T and Drew, S, 2007, 'Accelerated learning programmes: a review of quality and extent and demand', Centre for Research and Evaluation, Sheffield Hallam University.



- those in social grades C1, D, and E
- students above the age of 21.

28. Students' perceived benefits of such programmes included:

- a reduction in costs
- the financial gains made as a result of entering work earlier
- providing evidence for employers of commitment and an ability to work hard
- a reduction in study time and the intensity of the study programme.

29. Further research conducted by Plymouth confirmed many of the earlier findings and also revealed which modules were popular and important to prospective students. This, and the opportunity to undertake a work placement, was used to build employability into the programme.

30. Students who did not consider a two-year programme mentioned their concerns about missing out on the student experience and lack of employer recognition of the degree. The popularity of two-year programmes would clearly be enhanced if there were visible employer acceptance of equivalence. To this end the university is in the process of seeking accreditation for this programme from the Chartered Management Institute.

31. The university aims to make the course as resource-efficient as possible and to facilitate transferability between this programme and its other general business programmes. The university has incorporated a common Level 4 stage and during the normal academic terms will make use of modules available to students on other programmes.

32. Students on this programme study 60 credits in each of the two summers covered by the programme. The taught components of these modules are delivered face to face. Over the summer, formal teaching covers a six-week period from early June to the third week of July, with the remainder of the summer being devoted to the completion of a dissertation. Students have the option to take a 44-week work placement and this can be taken either at the end of year 1 or before the summer teaching in year 2.

33. It is difficult to design these programmes and fit them into existing regulatory and infrastructure frameworks. There were particular issues concerning student referral and progression and whether students would be allowed to study modules at level 5 and 6 at the same time. These were resolved and the university has now developed a set of exceptional regulations for two-year fast track programmes.

34. The first cohort started in September 2009, so it is too early yet to tell whether student recruitment is consistent with expectations generated by research. The university will be undertaking cohort analysis once there is a second cohort. Nevertheless, there is some evidence that the programme may be contributing to the widening participation agenda given that the first cohort includes higher proportions of women and over-21s than for the university's other general business programmes.

35. Representatives of the first student cohort confirm that their expectations are being met. The programme gives them the opportunity to develop a wide range of business and management knowledge and skills; they welcome the opportunity to enhance their employability by undertaking a work placement; and they like the opportunity provided by the elective choices to focus on a particular area of study.

36. The programme, so far, appears to be very popular. This year's initial cohort numbered 25 and applications for next year's entry are more than 110 per cent up on those at the same time last year.

### **Case study 5: University of Hertfordshire – combining a business education with full-time employment within the defence industry**

37. Defence Company MBDA UK employs nearly 3,000 people across five sites in the UK. The University of Hertfordshire is a business-facing university and is focused on developing new, creative approaches to learning, teaching and research. A business-facing university works with organisations on an integrated, collaborative basis and this encapsulates perfectly the partnership of MBDA and Hertfordshire.

38. During the 1990s, MBDA experienced major difficulties in recruiting good-quality business trainees. Indeed, during this time some 75 per cent of its business trainees failed to complete their training, giving a poor return on investment. MBDA consulted the University of Hertfordshire about how it might integrate the business training and education of its trainees to turn this unsatisfactory situation around.

39. MBDA wanted its trainees to have a quality business education that was flexible, wide-ranging and capable of developing its future leaders. It needed to cope with the demands of full-time employment and provide training in a diverse range of business areas including language tuition. It also needed to offer links to and exemptions from relevant professional bodies, so its trainees could equip themselves fully for their future careers. A radical decision was made: in future, its trainees would combine full-time employment and full-time study.

40. Clearly, operating a full-time study programme for full-time employees is a tall order and requires considerable flexibility and commitment from its key stakeholders. Business trainees study alongside Hertfordshire's full-time students, which requires considerable organisation and advance planning; excellent communication between the partners minimises problems as they arise.

41. To date 24 students have graduated from University of Hertfordshire Business School with a BA(Hons) business studies degree. A further 14 are part-way through their studies. Five more will begin their studies in September. Performance has been excellent, with upper seconds and firsts commonplace, and there has been zero drop-out from the programme.

42. The benefits from this initiative are manifold:

- for MBDA:
  - a significant reduction in overall staff turnover since the late 1990s

- a significant increase in staff retention and continuity; 96 per cent of trainees stay at MBDA after graduation
- the development of highly capable, motivated future commercial leaders and managers for MBDA
- improved diversity of age and gender within MBDA UK
- for the University of Hertfordshire
  - a regular income (of approximately £350,000 to date)
  - an enhanced learning experience for the university's full-time students as a result of MBDA trainees bringing their workplace experience to the classroom
  - a collaborative partnership providing access to expertise within MBDA, with MBDA employees often playing an integral role at the university, including membership of advisory boards and acting as external validation panel members.

43. The longevity of the programme and the excellent relationship enjoyed by both parties is testament to the effectiveness of the collaboration. This has been recognised this year, as the scheme has reached the final stages of the National Training Awards for 2010, with the decision due in October 2010.

## **Annex B List of abbreviations**

<b>AIRs</b>	Accelerated and Intensive Routes (initiative)
<b>ASNs</b>	Additional student numbers
<b>BIS</b>	Department for Business, Innovation and Skills
<b>CAT</b>	Credit accumulation and transfer
<b>FDF</b>	Foundation Degree Forward
<b>FEC</b>	Further education college
<b>FTE</b>	Full-time equivalent
<b>HEI</b>	Higher education institution
<b>HESA</b>	Higher Education Statistics Agency
<b>HNC</b>	Higher National Certificate
<b>HND</b>	Higher National Diploma
<b>LLN</b>	Lifelong Learning Network
<b>NVQ</b>	National Vocational Qualification
<b>OU</b>	Open University
<b>PGCE</b>	Postgraduate/Professional Graduate Certificate in Education
<b>QAA</b>	Quality Assurance Agency for Higher Education
<b>SDF</b>	Strategic Development Fund
<b>STEM</b>	Science, technology, engineering and mathematics