



Skills Funding  
Agency

# Final Report to the Skills Funding Agency on the actions arising from the FELTAG report

The research, commissioned by the Skills Funding Agency,  
was undertaken by NIACE.

July 2016

Of interest to colleges and other training organisations.

## Executive summary

### Introduction

The Further Education Learning Technology Action Group (FELTAG) aimed to identify obstacles preventing further education providers taking full advantage of technology. The group's recommendations were designed to remove these obstacles, and encourage the further education system towards the digital future expected by learners and employers.

The Government Response to the FELTAG recommendations included a number of actions for the Skills Funding Agency as follows:

- Include a field in the Individual Learner Record through which providers will be able to record how much online and blended delivery they are already involved in.
- Evaluate if Skills Agency Funding Rules and audit procedures are a barrier to the development of online and blended learning in the sector.
- Consider the case for the implementation of an online funding rate.
- Work with a number of pilot providers in the sector to collect evidence on the potential barriers and incentives that could be developed in the funding system to encourage the development of blended and online learning.

In April 2015 the SFA commissioned NIACE to undertake an examination of these issues.

### Aims and Objectives

This report and the evidence gathering which informs it were structured around the following aims and objectives:

1. Investigate which definitions of online learning the SFA should consider if they implement an online funding rate.
2. Examine the case for the implementation of an online funding rate as a feasible and practical initiative.
3. Determine if the SFA should adopt percentage targets for online learning in qualification development and assessment.
4. Consider whether the SFA can introduce any incentives/sanctions to encourage the adoption of technology in the sector.
5. Consider if SFA funding rules or audit procedure present barriers to the development of online learning.
6. Determine if it is reasonable for the SFA to compare online learning success rates with conventional learning methods for evaluation of providers.

7. Examine if online learning stimulates additional demand for courses or attracts different learners.
8. Determine if some vocational areas are more appropriate for online learning than others.
9. Consider if the SFA market entry process is sufficiently flexible to allow for the entry of online delivery providers.
10. Examine whether specific marketing methods attract online learners.

## Methodology

The findings, conclusions and recommendations of this report were derived from a study of existing practice and informed opinion within the sector together with an examination of relevant published material. This involved:

- analysis of provider ILR returns and a survey of learning technology;
- evaluation of the work of the four Skills Funding Agency pilot providers;
- Interviews with provider organisations ; relevant stakeholders including Jisc, Ofsted and Ofqual; Skills Funding Agency managers with responsibilities in this area: funding, qualifications, market entry team;
- limited desk research.

## Conclusions and recommendations

### 1. Investigate which definitions of online learning the SFA should consider if it were to implement an online funding rate

**The evidence reveals that** no single definition or classification of online learning is accepted by all, nor is there one that is applicable to all circumstances, given the variety of forms that such learning might take. A useful descriptive framework is set out in the desk research which identifies an ideal of pure online learning in which learners interact with online materials without any supporting human interaction, through increasing levels of support, both online and face to face, to blended learning mixes of all elements. Neither it nor any other definitions, descriptions or structures examined are sufficiently clear, unambiguous or applicable in practice to meet the needs of the SFA in this matter in the view of researchers, stakeholders and the sector providers interviewed.

The commercial online providers in the SFA's pilots view online learning as that which does not require a learner to attend at a given location or meet face to face with a tutor. Final assessment was also online in one pilot, but in the other attendance at a designated test centre was mandatory to meet the awarding body's requirements. Neither was purely online in the sense of the framework described above since both depended heavily upon online support from a tutor and other staff.

No other funding agency has a single fixed definition of this type of learning. Other agencies and government departments, when looking to support development of this type of learning create or adapt definitions and descriptions to meet a particular need or programme. The history of funding in FE and Skills has been of funded development programmes managed through a number of organisations with a variety of definitions, often deliberately open to broad interpretation in the interests of stimulating innovation. The SFA has most recently adopted a statement of its own devising to guide providers in completing the field inserted into the ILR to capture information about the extent of online learning in the delivery of funded aims. It does not wish this to be interpreted as 'the SFA's definition' but rather as a working description suitable for its particular purpose.

The evidence questions the possibility of deriving a suitable practical definition and also the desirability or value of any such definition.

## **Conclusions**

If the SFA were to have its own fixed funding definition of online learning then it would have to be simple, unambiguous, measurable and auditable. No such definition can be found except the 'pure' online definition, which does not describe any activity currently funded by the SFA and very little elsewhere in the world. The closest to a working definition of online learning is to be found in the notion of non-attendance, which describes a relatively small proportion of total funded learning and providers.

## **Recommendation**

R1. The SFA should not fix upon a definition for this purpose, but recognise the core difference between courses that require attendance for learning and those that do not and are in that sense, wholly online.

## **2. Examine the case for the implementation of an online funding rate as a feasible and practical initiative**

**The evidence reveals that** there is no example to be found anywhere else of such a rate.

The difficulties of definition make it impractical to define online learning in a way that would not exclude the majority of the sector organisations and activity. If the focus were to shift to a funding rate for blended learning the problems of a definition become greater, as it must disentangle different levels of online and face to face activity in the context of a funding regime that is concerned with learning outcomes

not inputs. The problems and bureaucratic burden of measurement and recording and hence of audit further argue against such a measure.

There are also concerns that the funding rate should not determine behaviour as a matter of principle. i.e. that the funding methodology should not drive the delivery methodology

There is, moreover, very little support for it in the sector. Even the very few dissenting voices who believe an online funding rate might be practical are unconvinced of its value.

There was a unanimous view that if the SFA were to be determined to have an online funding rate then it must be higher than the standard rate. The costs of online and blended learning, including the initial costs of setting up to deliver it, infrastructure, staff training, development and updating of content and other expenses are so great as to push any notional reduction of operating costs or economies of scale far into the future. The costs of content creation alone suggest that setting a rate high enough to be attractive would be difficult.

An additional cost for online courses is the need for support. The evidence demonstrates that unsupported online learning is significantly less successful in retaining and progressing learners than supported courses. The commercial online specialist providers see this an essential, albeit expensive, component of learner retention, completion and achievement and hence of business success.

## **Conclusions**

There is no meaningful definition of online learning to underpin practical implementation and management of a separate funding rate. There is no support of any substance within the sector for the introduction of such a rate.

There is some anxiety that the SFA might be proposing to introduce a lower rate in expectation of lower costs and economies from online delivery. The interviews and the evidence from the pilots, with one exception, demonstrate that costs are significantly in excess of traditional delivery, which argues for an online rate to be higher than the standard rate.

The funding rate is a poor tool for promoting and supporting the innovation and development sought by FELTAG. A more productive alternative would be for Government to work with Local Enterprise Partnerships together with the Jisc and others to promote and support collaborative efforts to create content in the sector, such as those of the Blended Learning consortium, and to address issues such as staff development. Local consortia and partnerships (formal and informal) are already working together in many places to develop content jointly, to share staff training and to take forward other development programmes.

## Recommendation

R2. The SFA should not set an online learning rate, whether it be lower or higher than the standard rate

### 3. Determine if the SFA should adopt percentage targets for online learning in qualification development and assessment.

**The evidence reveals that** there is no support in the sector for the adoption of percentage targets for online learning. The idea of percentage targets is rebutted on grounds both of practicality and purpose.

The difficulties of definition make it impossible to identify, measure or monitor targets with any degree of accuracy. Such a measure would have been easier to describe when the SFA funded on the basis of Guided Learning Hours (GLH). In the absence of GLH the practical definition used for the ILR exercise asked for an estimate of the proportion of a scheme of work delivered online, which is valuable for research purposes but too imprecise for funding or evaluation.

The lower level target of 10% proposed in the FELTAG report is considered generally achievable, with the caveat that some providers may not have the infrastructure and resources to be able to achieve it.

Some of the providers believe that online learning is not suitable for all learners, particularly at lower levels. They are unwilling to rely upon the independent learning skills of learners at level 1 and below as a result of their previous experience of trying to implement online and blended learning across the whole institution. The ILR analysis revealed, however, a number of lower level courses in the list of the most popular wholly online courses in terms of numbers enrolled.

There is concern too that targets may lead those who are not in the forefront of developments to put compliance by any means ahead of innovative high quality practice, a view shared by stakeholders and providers.

Neither Ofsted nor Ofqual support the notion of targets for online learning or assessment

It is notable that the goals of the pilots were around strategic improvement of learning and the delivery of high quality courses effectively and efficiently. In none of them was the existence of a notional target of any importance or influence.

There was recognition of the value of targets as a statement of support and a measure of approval. Many interviewees acknowledged their contribution to raising the profile of FELTAG and hence of the importance of learning technology within the sector, particularly with senior managers and leaders.

## Conclusions

Percentage targets were helpful in setting the agenda and direction of travel and in putting online and blended learning back into senior leaders' priorities. Setting targets would send a strong message of the SFA's support and approval for online learning. Targets would be difficult to measure and monitor in practice, however, and do not of themselves incentivise best practice or good quality learning and assessment. There is no support for such targets, even amongst those who are at the forefront of current developments. Targets cannot be adequately measured and evidenced, given the predominance of blended learning, in which face to face and online elements can be difficult to disentangle and might invite providers to be more concerned with compliance than with quality.

The SFA will require providers to record their planned level of online learning in the ILR for 2015/16 and 2016/17 which will confirm its continuing interest in the levels of online learning. This may have a positive impact upon sentiment in the sector which would be reinforced by reassertion of the guidance around targets set out by the SFA in October 2014.

## Recommendations

R3. The SFA should not set percentage targets.

R4. The SFA should support the learning technology agenda by reasserting its current guidance "We are not expecting providers to convert 10% of learning delivery in each programme of study 'en bloc' to online to meet a 'directive'. Rather, we are encouraging providers to establish a strategy to determine where the adoption of a greater 'blend' of delivery and assessment types adds most value to a learning programme."

R5. The SFA should continue to monitor the levels of learning technologies in the sector using the current ILR definition for the sake of consistency and benchmarking.

## 4. Can the SFA use incentives or sanctions to encourage the adoption of technology in the sector?

**The evidence reveals** no instances of the use of sanctions of any kind to enforce compliance with policy in this area of development in the UK or elsewhere.

The current status of online and blended learning in individual institutions and in the sector as a whole has benefitted from a series of government policy initiatives and past programmes of investment and support. These have been overseen in the past by the SFA's predecessors, both the Further Education Funding Council (FEFC) and its immediate forerunner, the Learning and Skills Council (LSC). Such programmes are not in the remit or budget of the SFA. It is not clear how the SFA might offer financial incentives other than through an online funding rate, or what other incentives it might be able to offer that would attract greater innovation and development. This notwithstanding, opportunities to bid for wholly online (non-attendance) learning

programmes do attract specialist providers with a view to commercial opportunity and may incentivise them to create and deliver courses. This is a relatively small part of the sector and does not include many mainstream providers.

## **Conclusions**

Sanctions have no part to play in encouraging development in this area. Even if they were considered desirable, the SFA would need to define an imposed duty upon the provider and have a way to establish evidence of breach, which is neither practicable nor desirable.

The SFA could support online learning developments by inviting tenders for wholly online courses which do engage provider interest, particularly private specialists. This would certainly incentivise the development of such programmes, but is unlikely to have a significant sector wide impact given the relatively small number of such organisations which currently have the expertise and experience to make a credible bid and the difficulties for mainstream providers in getting themselves to a position where they could deliver such programmes.

## **Recommendation**

R6. The SFA should not look to implement sanctions or incentives.

R7. If it wishes to promote wholly online learning (non-attendance) courses for specific subject areas and groups the SFA should consider tendering for their creation and delivery to incentivise providers.

## **5. Consider if SFA funding rules or audit procedure present barriers to the development of online learning.**

**The evidence reveals that** funding rules and audit requirements are not a barrier to the development of online learning. There is widespread uncertainty among providers, however, about them and an anxiety to ensure compliance at audit that makes risk averse senior managers wary of taking chances.

SFA funding has been based on achievement for some time now, but the perception that learning hours must still be evidenced persists as an influence, either because providers feel it is still a requirement or know that it is not but fear that auditors will continue to look for it. The same is true of electronic signatures and electronic recordkeeping. The SFA's rules make clear that 'wet signatures' are no longer required but many smaller learning providers are unwilling to expose themselves to the prospect of failing audit over this matter.

The issue is widely seen as a communications matter, both by SFA departments and providers and stakeholders. The SFA does not publish formal guidance around the rules, but a range of other communications possibilities are open to it and this is one of the more significant barriers to development that is demonstrably in its gift.

## Conclusions

Current funding and audit guidelines are not a practical barrier to online and blended learning, but there is a need to fully communicate this. The SFA does not publish guidance as such, but sets out the funding rules and explanatory notes. It should use its communications media to explain their implications for online and blended learning and to reassure providers.

## Recommendations

R8. The SFA should modify funding rules and explanatory notes to clarify the regulations and audit requirements that apply to online learning. It should use other communications processes to amplify and illustrate these in order to reassure providers.

### 6. Determine if it is reasonable for the SFA to compare online learning success rates with conventional learning methods for evaluation of providers.

**The evidence reveals that** it is both possible and reasonable to compare the outcomes of wholly online courses with blended courses delivering the same programme of work. These constitute a very small proportion of the total funded aims delivered. It is more problematical to compare the outcomes of blended learning programmes between providers for a variety of reasons, including the differing contribution of teachers, learning support staff and so on, but it is possible within a provider organisation to compare outcomes before and after implementation of blended and online learning, or between different cohorts learning with different methods.

There is evidence that the introduction of increased use of learning technology on specific courses leads to improvement in outcomes in recorded cases.

## Conclusion

Whilst a number of factors are at play in determining the success of online and blended learning, as is the case for traditional modes of teaching and learning, it is possible for the SFA to make reliable comparisons between the success rates of conventional, blended and online learning.

## Recommendation

R9. The SFA should not change its approach to evaluation of online learning success rates with conventional learning methods.

**7. Examine if online learning stimulates additional demand for courses or attracts different learners.**

**10. Examine whether specific marketing methods attract online learners.**

**The evidence reveals that** all of the interviewees believe it to be true that online learning stimulates additional demand for courses or attracts different learners. The pilot project were able to provide evidence of additional demand and service to different learners that would not have arisen with the traditional offer, whether this be online learners from outside West Notts college's traditional catchment area, or apprentices in Yorkshire beyond Stubbing Court's geographical reach.

The use of national jobs boards when recruiting for location-independent non-attendance online learning course was the only example found of a marketing method solely applicable to online courses and this was supplemented by a full range of online and traditional media, including the prospectuses and literature of their college partners.

It was not clear that any specific marketing methods were particularly suited to recruiting learners for online learning courses. It is certainly not the case that traditional courses are marketed in print media and online courses are marketed online. All of the organisations studied had well thought out marketing strategies that understood the preferences of their learners. It is worth noting that the commercial online providers in the pilots both had sophisticated customer relations management (CRM) systems and were adept in tracking and following up enquiries with new offers when they had not been able to meet clients' needs previously.

## **Conclusions**

There is very clear evidence of demand for online (non-attendance) modes of learning from learners who would not, or could not attend traditional courses, covering all of those groups who might be excluded by family responsibilities, time pressures including work commitments, geographical location and social and cultural barriers. There is no evidence of the scale of latent demand. If it were to be significant it might support an argument for ring-fenced funding of appropriate online programmes.

There are no particular marketing methods that attract learners to online programmes. What emerges as of greater importance is to ensure that online learners, no matter how recruited are assessed as having the skills and motivation necessary to succeed and are appropriately supported.

## Recommendations

R10. The SFA should commission research into the scale of demand for online learning amongst those who are unable, for whatever reason, to access traditional courses.

### 8. Determine if some vocational areas are more appropriate for online learning than others.

**The evidence reveals that** no particular vocational areas are seen to be more appropriate for online and blended learning than others. The general view of pilots and providers is that there is no area of learning that could not benefit from increased use of technology

The stubbing court apprenticeship pilot demonstrates that first class resources together with good support are highly effective, raising learner outcomes and retention. The benefits of blended and online learning have been amply demonstrated in all vocational areas and effort should be directed to ensuring their particular contribution in the delivery of apprenticeships.

Some parts of most if not all vocational courses require physical contact, practical workshop activity or face to face elements, including some assessment procedures which challenge wholly online solutions.

Some vocational areas were identified as being more easily adapted to online learning, including structured systematic process such as book-keeping and accounts, maths, science and some business subjects.

The greater concern was around level of learner rather than type of course, with the view expressed that learners below level 2 were less likely to have the independent learning skills required to succeed. As we have seen, however, the analysis of ILR data shows that wholly online courses for learners at Entry Level 3 are amongst the most numerous funded by the SFA.

## Conclusions

There is no compelling evidence that any particular vocational area is more or less suited to online learning. There are, however, some vocational aspects in many areas including apprenticeships where online or blended learning gives opportunities for employers and learners that would be difficult to match in traditional classes.

## Recommendation

R 11. The SFA and the Jisc should continue their work to ensure that high quality online learning resources are incorporated into apprenticeship frameworks.

### 9. Consider if the SFA market entry process is sufficiently flexible to allow for the entry of online delivery providers.

**The evidence reveals that** the SFA market entry process is sufficiently flexible to allow for the entry of all types of providers however there are no specific criteria that relate to online delivery. SFA staff believe that there are no questions or criteria that would deter an online delivery company applying to the register and nothing preventing them from applying, but accept that it could be challenging for online learning specialists.

Some problems are minor for established online providers, such as providing confirmation that the relevant awarding bodies agree with the terms of any online assessment proposed and being able to satisfy SFA auditors that the learner actually exists. The two commercial providers in the SFA pilots were commended by SFA staff for having very effective verification methods which could be used to exemplify acceptable practice.

The basic quality test relies upon Ofsted inspection grades and most online delivery specialists will not be Ofsted-registered because “you have to have a contract in order to be inspected.” However this will not prevent a provider obtaining a place on the register as the SFA has robust alternative procedures that enable providers to demonstrate the required quality standards. The SFA accepts the need to review the questions asked and to decide whether online learning companies would be inspected in the future, which criteria will be used for inspection, and whether they fall under the remit of Ofsted.

The SFA does not believe that the register, rules and regulations constitute an obstacle to providers, but accepts that may be a different perception in the sector.

## Conclusions

The SFA’s market entry process is capable of taking new online providers onto the register, but it requires review and tailoring to the particular circumstances of specialist online learning providers. Online providers do perceive it to be restrictive. If the SFA wishes to attract specialist online delivery providers onto the register it should increase the awareness that they are not precluded. In the process it will also need to ensure that the 2500 existing providers on the register are also given the opportunity to register for wholly online delivery.

## **Recommendation**

R12. The SFA should ensure that its market entry process is sufficiently flexible to enable online providers to apply and register if they can meet the required criteria of quality, capacity/capability and financial health.

R13. The SFA should ensure that specialist online learning providers are aware that they are not precluded from applying to go on the register.



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