

## Proposals to withdraw institutional funding for equivalent or lower-level qualifications (ELQs) in English higher education

A note for members of the  
Innovation, Universities and Skills Select Committee

### Orientation

On 7 September 2007, the Secretary of State for Innovation, Universities and Skills wrote to the Chairman of the Higher Education Funding Council for England with details of *New Higher Education Funding Incentives 2008-11*. In this letter the Secretary of State gave notice of changes to the way institutions are funded for learners studying for a qualification equivalent to or lower than one that they have already gained. With certain exceptions, the minister wrote, such learners were no longer to be seen as a priority for public funding and HEFCE was invited to consult with the sector, by 7 December, about how his proposed change (which would involve the re-allocation of approximately £100m per year) should be implemented.

**The decision to prioritise first-time HE study above continuing education is a political choice made at a time of tightening budgets but there is considerable concern that the policy may be dysfunctional and flawed.**

- **The Government's development of policies for upskilling is not integrated with a similarly well-developed and equally necessary suite of policies for re-skilling in order to meet the challenges of the Leitch Review.**
- **The proposals risk destabilizing part-time higher education in general.**
- **They impact most on many of the institutions and departments that have been at the forefront of educational innovation, widening access and participation.**
- **Implementation of the proposals may have a disproportionate and unintended effect on particular groups of adult learners.**

This briefing explains where the risks lie, proposes alternative or supplementary approaches that may meet the Government's needs with less risk and suggests questions which may help committee members in assessing evidence they hear from Bill Rammell MP and Professor David Eastwood on 28 November 2008.

## **RISK 1:** Distorting the Leitch agenda?

The Government has been developing comprehensive policies for up-skilling the population. This includes investment in Basic Skills for Life, through entitlements for a fee-free first Level 2 qualification (and a Level 3 for young adults under 25) and through a Higher Level Skills Strategy expected in December. What Government has yet to articulate is a comprehensive approach to support re-skilling and labour market mobility in a way that recognises individuals' (as distinct from their employers') needs to maintain employability. **In modern high-skill labour markets, a level of qualification is not always the best indication of its currency or value.**

At present, it is hard to see the common thread running between an entitlement to study free of charge for a first full Level 2 qualification; a Level 3 entitlement for people under 25 and new proposals for co-funding between the state and employers, via Train to Gain, to pay for Level 3 qualifications (no distinction whether or not it is a first Level 3 in this instance); and the withdrawal of support for ELQs in higher education. **Overall the Government proposals privilege the young and those with employer support and disadvantage people over 25 who want to choose their own learning pathway.** It seems to have forgotten that the metaphor for progression in lifelong learning is a climbing frame rather than a ladder.

The proposals risk making it harder to deliver the goals set by Lord Leitch and accepted by Government. They risk reducing participation in learning – not what Government intends but the result of not market-testing the effects of the policy.

## **RISK 2:** The destabilisation of part-time higher education

Although part-time students make up more than 40% of the total HE student body, policy formation often treats part-time study as an afterthought. Part-time students already pay unregulated fees 'up-front' (no deferral until completion) and the majority combine study with paid, taxed employment. The former Select Committee for Education and Skills recommended (HC-285 I, August 2007):

*“that the Government reviews as a matter of urgency the current arrangements for fee support payable to institutions for part-time students and the availability of support for part-time students themselves. For the future, we believe that students should be seen as one group with a variety of needs for support rather than being arbitrarily divided into categories of part-time and full-time.”*

Because of ineligibility for student support, the overwhelming number of ELQ students are part-time. HEFCE notes in the current consultation paper on the subject that:

*“We are concerned that this may threaten the short-term viability of some part-time provision. This would have a detrimental effect on students who wish to study part-time for their first qualification, or to progress to achieve a higher qualification –and this, in turn, could impact upon our aims to widen participation in higher education, and to provide flexible study opportunities”.*

**Without the funding that ELQ students and their fees bring to an institution, courses may cease to be viable.** This will be a particular issue in FE colleges offering small volumes of higher education.

If the Government's intention is to re-allocate £100 million of HE spending to higher priority objectives, there is a question to be asked about whether targeting ELQ learning was seen as a 'softer option' rather than a review of the spending and support that can be seen as privileging undergraduate study.

### RISK 3:

#### Unequal impact between different institutions and departments

The Universities and Colleges Union has calculated the likely impact on institutions and the table below shows those hardest hit in percentage terms. It appears those providers who have done most to widen participation and reach mature students are more likely to be adversely affected whilst, with some exceptions, institutions that have done less to adapt to a socially inclusive and modern mission for higher education face less disruption.

##### Institutions with >10% cuts to relevant teaching funding by 2014-15 (2007-8 levels)

	%
1 City of Westminster College	40.80%
2 Birkbeck College	38.30%
3 South Thames College	28.00%
4 Conservatoire for Dance and Drama	26.00%
5 London Business School	24.90%
6 Open University	22.70%
7 Barking College	21.60%
8 Institute of Cancer Research	19.50%
9 Manchester College of Arts and Technology	17.80%
10 School of Pharmacy	15.30%
11 Southampton City College	13.90%
12 London School of Hygiene & Tropical Medicine	13.70%
13 Bradford College	13.60%
14 City University, London	13.30%
15 Thames Valley University	12.50%
16 Craven College	11.60%
17 Lewisham College	10.80%
18 University of Bedfordshire	10.70%
19 University of East London	10.60%
20 London Metropolitan University	10.30%

Although transitional arrangements will be needed for almost all institutions, special measures will be required to ensure stability for the Open University, Birkbeck College and other institutions with high proportions of part-time students and FE colleges with lower units of resource for franchised provision.

The Government's proposals may prove to be counter-productive. They will make it harder for institutions to develop flexible, part-time, employer responsive provision. Foundation degrees are part of a mix, not the only solution. The impact will also be felt in Departments of Continuing Education, offering courses carrying smaller credit value and taken by adults unable to fit larger blocks of study into their lives. Not only have such departments often served as the test-beds for curriculum innovation, they have also helped universities discharge their civic duties to secure an informed democracy through extra-mural provision. This role will be at risk if Government funding abandons all but linear progression routes.

It is the institutions that have been the most successful in opening participation to first-time HE entrants as well as recurrent education opportunities that are harder-hit than those which concentrate primarily on providing a full-time extended initial education. On September 13, the Secretary of State posed a question to Universities UK. He said:

*"I want to hear from you whether responsibility for this change [of HE intake from school and college leavers to adult learners] lies solely with institutions that already offer opportunities to older students. Or should the universities that focus on traditional undergraduates and overseas students take a fresh look at their role".*

The ELQ proposals give the answer to his question: They push towards a divided (two-tier) system.

## **RISK 4:** Effect on particular learners

A wide range of students will be disadvantaged if the Government's proposals are implemented. They are not limited to the leisured middle classes (and even if they were, NIACE argues that there would still be a quantifiable public as well as private benefit which would justify a modest level of public support). In practice the proposals risk harming, among others:

- **“First generation” HE students** who may have had less good advice on the appropriateness and utility of their first degree.
- **Ex-offenders** who may be legally prevented from returning to a former occupation.
- **Women returners** to the labour market after years of child or eldercare responsibility during which the value of their initial qualification has decayed.
- **Older people** displaced in the labour market in mid to late career

## **OTHER APPROACHES 1:** 'Best Before' dating of HE qualifications

The principle of an academic qualification having a 'shelf life' is not new. Many Accreditation of Prior Learning initiatives consider whether knowledge is current and this is implied in many professional education initiatives where a volume of continuing education and training per year is a requirement for continued membership of a professional body. People in relevant employment and with employer support will not find this a problem but for others who may have been more mobile in the labour market or have been out of the labour market, linear progression from a first HE qualification may be neither possible nor wanted. Knowledge can become obsolete and skills decay if not used. Without re-skilling and a flexibility of career choices people are more vulnerable to displacement from the labour market in later life.

It may be reasonable for the Government to require a mandatory minimum gap before an institution can receive support for a learner wishing to study an ELQ.

## **OTHER APPROACHES 2:** Tapering levels of public support

The Government's proposals present, with some exceptions for strategically important or vulnerable subjects (interestingly “subjects” not “students”), an “all or nothing” choice. An alternative might be to consider different levels of public subsidy – for example:

- full levels of resource to institutions (no less than pro-rata with the funding that a full-time undergraduate would attract) for people without prior experience of higher education;
- current levels of institutional funding to remain for people seeking career change in the labour market independent of their employer;
- lower levels of subsidy for employer-purchased provision and for “serial repeater” learners (justifiable on the basis that structured learning of all kinds has a quantifiable public benefit in terms of improved health and well-being).

**The balance between the public and private benefits of higher education is not as stark and clear-cut as the Government's proposals imply. There is a long continuum.**

A tapering approach would also allow the government to adopt a more sophisticated way of incentivising learning in strategically important or vulnerable subjects whilst allowing market forces to operate in others.

## QUESTIONS FOR THE GOVERNMENT

In a response to a Parliamentary Question about ELQs [164263] on 15 November 2007, Minister of State Bill Rammell said:

*“The entire £100 million sum will be recycled within the HE sector. Much of it will be available to support part-time provision for those already in the workplace who do not yet have a higher education qualification.”*

**A critical issue for the Committee will be to explore exactly how much of the £100 million will be allocated by Government to support part-time provision for those already in the workplace who do not yet have a higher education qualification - and how providers will access this. Will it be an expansion of Foundation Degrees or an unspecified new initiative? Without such information it is difficult to see how the gain will be worth the pain.**

A key question to ask of HEFCE is whether it was asked to advise Government on where £100 million could be found within the HE budget for re-prioritisation – and what alternatives might have been considered.

In addition, Members may wish to enquire:

- What were the findings of any Equality Impact Assessment carried out on these proposals?
- What, if any, modelling was done of the effect of the proposals on:
  - part-time higher education in general?
  - any differential impact on part-time higher education delivered by FE colleges?
  - continuing education for small blocks of credit?
- What cost-benefit analysis did the Department undertake before writing to HEFCE about ELQs and with whom did they consult before making the proposals public?
- What evidence is there that employers will increase support to their employees who are part-time students?

NIACE is a registered charity, founded in 1921 to represent the interests of adult learners, and of those who make provision for them, at all levels and wherever adults learn. Its membership is drawn from all sectors of post-compulsory education and training, and NIACE works within and across sectors. NIACE membership also includes bodies operating wholly or partly in Scotland and Northern Ireland.

NIACE seeks to secure an education system responsive to the diversity of adults' needs and aspirations as learners, and in particular to those who benefited least from initial education. We believe that a system fit for adults of all ages and in all their complexity will work better for all learners.

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