

# *Changing the Higher Education landscape*

A position paper to the Diamond Review

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## Introduction

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1. This position paper has been drawn up by ColegauCymru in response to the Review of HE Funding and Student Finance Arrangements in Wales. Answers to the questions consulted upon by the Review team are outlined in the Annex. ColegauCymru represents the 13 further education (FE) FE colleges and two FE institutions in Wales<sup>1</sup>. 7,000 higher education students study at colleges in Wales.
2. Wales has a genuine opportunity to lead the way on a new model for developing higher education provision at levels 4 to 6. The need to change the prevailing 'education model' at these levels is widely recognised across the UK, with discussion focused in developing new pathways for learners in high level apprenticeships. This position paper sets out proposals, in its concluding section, as to how this can happen in Wales.
3. The development of high level skills in the workforce is seen as a principal route through which Wales can achieve both economic prosperity and social justice. Shifts in the structure of the global economy will require Wales to upskill its labour force to ensure that we can make the most out of the reindustrialisation of our economy and the shift to high value-added industries and services.
4. The current model of level 4 and 5 provision between colleges and universities does not deliver for students. The existing franchise model, with its radically asymmetrical relations between the delivery and accrediting partners, is broken. We need to look to new models of partnership focussed on meeting employer and student demand. This is not, however, a moment to look to the past but we should instead seek to explore new arrangements for college-based HE partnerships, with the aim of fulfilling the aims and outcomes set out in the Welsh Government's *Policy Statement on Higher Education* (2013).
5. The Diamond Review gives us an opportunity to look at a 'made in Wales' solution to the challenges of delivering high level skills. The proposals we advance in this submission chimes directly with the role of HE in FE envisaged by the Jones Review of Higher Education in Wales, which highlighted:

“...the role of FEIs in the delivery of higher education as being best directed towards the securing of improved local access to higher level learning and skills, in particular where FEIs:

- are geographically closer to populations, communities and businesses
- have already established strong relationships with businesses
- already have demonstrable strengths in areas of provision
- are already partnering HEIs through the transformation agenda

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<sup>1</sup> In this paper the term 'FE college' or 'College' is used to cover the 15 FE colleges and the two FE institutions.

- encourage seamless progression pathways to higher learning opportunities where this is possible through HE-FE partnerships, or, where appropriate, with other HEIs
- develop more opportunities for part time and work-based higher education where for personal or location reasons it might not be possible to study directly with an HEI.”<sup>2</sup>

6. This submission has four sections followed by the annex in which the set consultation questions are answered. First, we outline the general principles upon which we develop our proposals for Wales’ HE system. Secondly, we analyse the importance of vocational HE in the wider economic development and skills agenda in Wales. Thirdly, we look at how the college-based higher education delivery can have a beneficial impact on widening access to HE. Finally, we put forward recommendations which could be taken up by the Review team in its proposals to government.

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<sup>2</sup> See the Report of the Independent Review of Higher Education in Wales, chaired by Professor R. Merfyn Jones, (2009), para.86, p.36.

## Principles underpinning the development of higher vocational education

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7. The five principles that underpin our recommendations to the Review at the conclusion of this paper are:
- a. that FE colleges should fundamentally **remain focussed on their core mission** as skills based and vocationally oriented education providers both at the pre-19 level and for post-19 learners at levels 3-5.<sup>3</sup> FE colleges do not wish to become ‘mini-HEIs’ within a market-based HE sector. They do not wish to duplicate the existing strengths of Wales’ universities where they exist. In short, we agree with the words of the Jones Review of HE in Wales in that the:  
  
“focus should be on collaborative building of strength and capacity and on enabling all partners to build on and exploit their appropriate strengths and specialisms while at the same time avoiding costly and needless competition. This should... [avoid] the risk of mission drift among all partners.”<sup>4</sup>
  - b. that, following the clear orientation of *Policy Statement on Higher Education*, the allocation of funding and student numbers should follow a **whole system approach** not based on market competition or on supporting particular types of HE providers *per se*, but instead focussed on the delivery of the *most relevant HE programmes for students in Wales*
  - c. that **widening access to higher learning should remain at the heart of HE policy** - and an aim that underpins all aspects of HE provision. We believe that widening access to HE in Wales is not only a social justice imperative but is also critical for Wales’ economic success in relation to fulfilling skills gaps and employer demand at a local and regional level within Wales
  - d. that **vocationally oriented and work-based HE programmes** have the potential to contribute particularly effectively to the economic opportunities and challenges Wales currently faces particularly in the current period of unprecedented fiscal restraint, and
  - e. that the **cost effectiveness** of the delivery of various types of HE and their attendant level of student financial support has to be taken seriously - consistent with properly quality assured provision that advances the interest and the voice of the student. FE delivers value for money on the Welsh Government’s significant investment in higher learning.

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<sup>3</sup> Including levels 4 and 5 FHEQ qualifications, which correspond to the CQFW/NQF levels 4-6. See <http://wales.gov.uk/docs/dcells/publications/110920qualificationsguideen.pdf>

<sup>4</sup> See the Report of the Independent Review of Higher Education in Wales, para.90, p.37.

## Vocational HE: FE's critical role in the high-level skills agenda

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8. This section of our submission addresses the value that vocational HE adds to the third key 'purpose of higher education' set out by the Review of Higher Education in Wales (2009) i.e. developing the "high level skills and understanding of individuals in order to drive an adaptable, sustainable and innovative economy". This overlaps directly with the Humphreys Review's understanding of the central 'purposes' of FE that include developing the "vocational skills of individuals and the wider workforce" and "supporting economic prosperity by working in partnership with businesses, employers and other users and customers to meet training and skills needs" while "being major and proactive agents in the collaborative planning and development of the seamless progression routes for learners".<sup>5</sup>
9. This attention to the vocational and work-based elements of education has particular benefits in the delivery of HE. Traditional bachelor's degree programmes in many instances have maintained their theoretical focus, with employability skills being added as a 'bolt on' to the programme rather than being genuinely mainstreamed within it. This is doubtless appropriate for some disciplines but is not helpful for a range of students who wish to move directly into non-specialist employment. Vocational and work-based HE, however, has an intrinsic focus on employability, not least because many such courses are delivered to those already in employment with a view to enhancing their skills levels in their area of practice.

### Foundation degrees and HNCs/HNDs

10. The Foundation degree is a clear example of where a degree programme is designed from the start with the needs of employers in mind. The Foundation Degree is based on partnerships with employers and designed with regard to the occupational requirements and priorities as expressed through Sector Skills Councils.<sup>6</sup> Foundation degree provision has therefore complemented the provision of other level 4 and 5 vocational HE qualifications such as Higher National Diplomas (HNDs) and Higher National Certificates (HNCs) which have continued to grow in popularity in Wales.
11. HNCs and HNDs have retained their currency as skills-focussed qualifications with employers in Wales. As recently as the 1980's they were funded directly by government rather than through the HE Funding Council. They are often awarded by licence through Pearson, though universities can also award them. This is a credible model that should be valued and expanded.

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<sup>5</sup> See the 'Independent review of the governance arrangements of further education institutions in Wales' ('The Humphrey's Review' - March 2011) para.11-12, p.7.

<sup>6</sup> For more detail on how Foundation Degrees have been developed in Wales – and how they might be developed in the future - please see the recent ColegauCymru presentation here: [http://www.heacademy.ac.uk/assets/documents/nations/wales/29\\_02\\_12\\_Foundation\\_Degrees\\_in\\_Wales\\_where\\_are\\_we\\_going\\_John\\_Graystone\\_Colegau\\_Cymru.pdf](http://www.heacademy.ac.uk/assets/documents/nations/wales/29_02_12_Foundation_Degrees_in_Wales_where_are_we_going_John_Graystone_Colegau_Cymru.pdf)

12. Teaching and learning focussed on vocational and work-based topics at levels 4-5 are the cornerstone of the FE sector's delivery of HE, though it is also worth noting that *1,300 of the 7,000 HE students at our FE colleges in Wales pursue Bachelor's level degrees in partnership with a university.*
13. The importance of the **research-teaching nexus** is also being promoted within FE colleges in their HE provision, through access to online research resources and the practice of allocated scholarship time allocated to staff engaged in significant levels of higher education teaching. HE teachers in FE colleges also relate to their HE partners in the content of the degree programme to ensure that the HE programme is properly informed by scholarship. This focus on the importance of the research-teaching nexus will only increase in the coming period.

### **Higher vocational education and adult education**

14. Vocational HE has the advantage therefore of addressing the needs of adults in a way that genuinely adds value at a time when demographic change means that the cohort of students between the age of 18 and 21 has shrunk significantly. According to recent research conducted by ColegauCymru on behalf of the Welsh Government, 50% of full time entrants into universities in Wales from FE colleges were 21 or over. Expanding HE in FE would therefore potentially significantly improve the rate of adult higher learning in Wales, addressing to a significant degree the demographic challenges facing Wales in the 21<sup>st</sup> century.

### **Higher vocational educational and Wales's economic needs**

15. The structure of the Welsh economy is predicted to take a somewhat different path than the rest of the UK. This should be reflected in the high level skills policy of the WG. The UK Commission for Employment and Skills' report on the skills needs of the UK and its constituent nations predicts "that skilled trades jobs in Wales should rise in Wales, whilst declining elsewhere [in the UK]" while "employment growth [in Wales] should be above the UK average in the primary sector and construction, [and] trade".<sup>7</sup> A greater focus on high level vocational skills would be the logical way in which policy may be adapted to address the different future skills requirements in Wales.

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<sup>7</sup> *Synopsis of UKCES Working Futures Report 2010-2020*, DFES, Welsh Government, 2012.

## The potential of Higher and Degree Apprenticeships in Wales

16. The foundations for Wales in developing a distinctive approach to vocational HE are being put in place. The development of Higher Apprenticeships is one important element of this new approach. Higher Apprenticeships, though relatively new in Wales, have the potential to enhance high level skills through work-based learning. As we propose later in this document, consideration should be given to funding **Degree-level Apprenticeships** where the apprentice would come out from higher vocational study with a Bachelor's degree. This would ensure a parity of esteem with traditional modes of study.
17. FE colleges in Wales are well placed to deliver such Higher or Degree Apprenticeships as they successfully provide a range of apprenticeships at different levels and a broad suite of qualifications that span the FE/HE qualification divide. Consideration should be given to allocating a substantially larger budget to Higher or Degree Apprenticeships, *explicitly shifting some provision away from the traditional three year residential degree model.*

## Retaining high level skills in the Welsh labour force

18. Retaining people with high levels skills in Wales is important for developing the skill base of our economy. Adult FE students are predominantly local learners who stay within their regional or Wales labour force after leaving college. Although we do not yet have reliable destination data for students from FEIs leaving with level 4-6 qualifications, we expect that a significantly higher proportion of FE-based or work-based HE learners will contribute their higher level skills to the Welsh economy than the traditional full-time undergraduate studying at a university in Wales.
19. This is relevant for Wales because we lag behind other parts of the UK in the proportion of our adult population who have level 3-6 skills – the skills levels that, according to the Wales Employment and Skills Board, will drive labour productivity and economic growth to the greatest degree in Wales.
20. Wales also has one of the highest 'leakage' rates of traditional university students of any part of the UK. This 'leakage rate' (the proportion of graduates who leave Wales's labour force) for is high, at almost 33%, having previously been as high as 37%.<sup>8</sup> We are not proposing that the Welsh Government hinder the free movement of labour in and out of Wales. But we do consider that developing types of HE provision that up-skills learners who are likely to stay in Wales and be productive *in the Welsh economy* would be a positive move for the Welsh Government.

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<sup>8</sup> "Welsh domicile [HE] qualifiers were less likely to remain in or return to Wales for employment after gaining [HE] qualifications (67 per cent) when compared with the equivalent retention rate for other UK countries (71 per cent for Northern Ireland, 85 per cent for Scotland and 98 per cent for England)." *Destinations of leavers from Higher Education Institutions: Longitudinal Survey (2006/07 Cohort)*, SB 117/2011.

## Widening Access: higher vocational education as a lever for social justice

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21. Vocational HE delivered locally has the potential to widen access – as learners have less of a need to travel long distances with the costs this imposes and the difficulties and disruption this creates for those with domestic or other care commitments.<sup>9</sup> FE colleges also deliver invaluable work on level 3 ‘Access to HE’ courses, helping the progression of students to level 4 qualifications and above. These courses are often a successful springboard to higher learning for socially and educationally excluded groups.
22. This is reflected in the recent rapid growth in vocational HE provided by FE colleges. According to recent research conducted for the Welsh Government by ColegauCymru the numbers enrolling on HNC/D courses increased by 112% and on Foundation Degrees by 141% from 2007/08 to 2009/10 - compared to the lower increase of 66% in the numbers enrolling in traditional First Degrees. Also, the proportion of FEI students from Wales entering universities with vocational qualifications increased from 20% of the total in 2007/08 to 28% of the total in 2009/10. Even more importantly, this research showed that there was an increase of 37% in the number of FEI students domiciled in Communities First Areas enrolling on HE courses at Welsh HEIs over the three years 2007/08 - 2009/10.<sup>10</sup>
23. The challenge facing Wales in widening access and addressing educational inequalities in relation to high level learning is graphically displayed in the map below (taken from the Report of the Independent Review of HE in Wales).<sup>11</sup>

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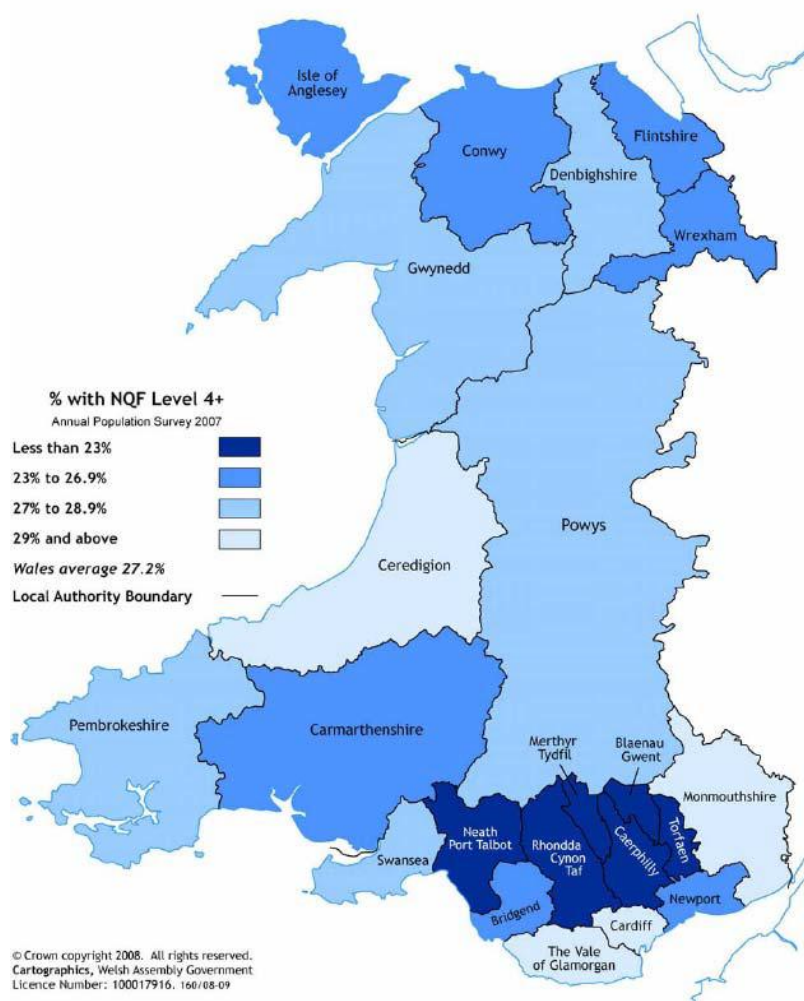
<sup>9</sup> See *FE-HE Progression Project Report for the Welsh Government*, ColegauCymru (March 2012), at Executive Summary.

<sup>10</sup> See *FE-HE Progression Project Report for the Welsh Government*, ColegauCymru (March 2012), at Executive Summary.

<sup>11</sup> Report of the Independent Review of Higher Education in Wales, chaired by Professor R. Merfyn Jones, (2009)



Percentage of adults of working age  
qualified to at least NQF Level 4



24. The geographical location of FE colleges and their main learning centres allows them scope to directly address pockets of educational inequality (as displayed overleaf). This accessibility is reflected not only in the location of FEIs' learning centres but also in the modes of learning employed and the flexibility of learning patterns available in colleges (for instance in the availability of work-based, evening, weekend and vacation study). This is reinforced with levels of personal and pastoral support to learners that helps them to engage effectively with their programme of study.

## Location of FEIs' main learning centres in Wales



## Recommendations to the Diamond Review

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25. On the basis of what we have outlined in this submission ColegauCymru believes that there is a case for a decisive shift in the model of delivery for level 4 and 5 education provision in Wales. This would helpfully clarify the core roles of colleges and universities in the provision of these programmes of study, maximising the value for money from the government's significant investment in higher education in Wales. In making this case we put forward several recommendations.

**Recommendation 1:** *That HNDs and HNCs should be funded directly by the Welsh Government to colleges, though students on these courses should continue to be entitled to receive HE student support.*

**Rationale:** this direct funding measure would bring Wales broadly into line with the HE funding systems in Scotland and, now, England. The benefit to students and employers would be a closer alignment between vocational HE provision and the needs of the local economy in Wales. We propose that HNC/D students should remain eligible for HE student support - unlike in England where the proposal is that such students receive a lower level of support through existing FE learner support mechanisms.

**Recommendation 2:** *That Higher Apprenticeships, funded through work-based learning contracts, be extended to include HNCs, HNDs and Foundation Degrees.*

**Rationale:** This would ensure that Apprenticeships are properly esteemed and will ensure progression to higher skills levels for prospective apprentices. Currently only 'non-prescribed' professional qualifications are funded via Higher Apprenticeship frameworks. Allowing apprenticeships to have a wider range of high level qualifications would afford benefits to learners and their employers.

**Recommendation 3:** *That new 'Degree Apprenticeships', where apprentices would commence a five year part-time Foundation Degree or HND followed by a 'top up' to a Bachelor's Degree, should be introduced as an alternative to the traditional three year residential full-time degree. Funding from HEFCW currently supporting traditional three year undergraduate provision should be shifted to pump prime this development.*

**Rationale:** Again, this would facilitate effective alignment between the needs of employers and the learning experience of students. An 'earn while you learn' model has the advantage of supporting employability skills and reducing the maintenance burden on the student and the government.

**Recommendation 4:** *That Part-Time Higher Education Funding from HEFCW is maintained in cash terms to ensure that adults are able to retrain and reskill to adapt to new labour market conditions.*

**Rationale:** This is essential to help those who wish to reskill at a time when people need ensure that their skills are relevant for the changing labour market. Part Time HE funding underpins this type of provision. 80% of college-based HE provision depends on this part-time funding.

## Conclusion

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26. The Diamond Review affords Wales the opportunity to reshape the way that higher vocational education is delivered. Piecemeal changes will not resolve some of the major challenges we face. Wales must seize the chance to take forward reforms that will advantage future students and ensure that the government has a sustainable model of student finance for the long term. Colleges have a central role to play in delivering this model.

## Annex – Answers to the Call for Evidence questions

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### **Q1. To what extent does the current system meet the needs of HE students, deliver high quality provision and provide value for money?**

**Not very well.**

1. The current student finance system is not fit for purpose beyond 2015. It has flaws that need to be addressed. A new fees and funding policy should be announced in 2015 or 2016 and implemented as soon as possible.
2. The current fees and funding system is overwhelmingly focussed on delivering traditional full-time, residential 3 year Bachelor's degrees. The high and increasing cost of this provision squeezes-out the potential for creating work-based higher education, including Higher or Degree Apprenticeships. These high costs preclude the serious exploration or development of 'earn while you learn' routes to level 4, 5 and 6 qualifications. These costs also squeeze-out funding for existing part-time higher education provision, which could be under threat if there is no change of policy. The current policy would therefore be counter-productive for Wales if it is extended for any time beyond the current Assembly term. The need for change is increasingly urgent as the current Assembly term draws to a close.
3. Wales needs more than a tweaking of the current fees and funding system. We need a paradigm shift toward a new system that prominently includes apprenticeships in technical, scientific and vocational areas, ensuring that skills shortages diagnosed by employers in Wales are addressed. The current system falls well short of where we need to be in fulfilling this aim.

### **Q2. Do you think the current policy of supporting Welsh domiciled students wherever they study in the UK is sustainable or desirable for the long run?**

**No.**

4. The issue of the cost of supporting Welsh domiciled student studying in other parts of the UK is only a symptom of the fundamental flaws in the current fees and funding regime. A tweaking of the regime to adjust for this issue will not address the longer term challenges we face in shifting toward a system that is more sustainable for students and one which addresses the economic needs of Wales. This will require a significant shift of resources away from full-time three year residential provision towards work-based higher education – including programmes that also lead to recognised level 6 qualifications (including Bachelors' Degrees).
5. Currently, higher apprenticeship frameworks in Wales are limited to non-prescribed qualifications as funding is not available for prescribed qualifications such as Foundation degrees or HNDs. This severely restricts the range of qualifications that can be offered within them.

**Q3. To what extent does the current funding system support high quality provision and deliver value?**

**Not very well.**

6. Overall there is good quality provision in Wales within higher and further education providers. This is evidenced in QAA institutional reviews; Estyn inspections of teacher training provision and National Student Survey (NSS) outcomes. However, there are inconsistencies across learning areas, especially evident at the level of individual courses revealed in the annual NSS returns. Areas of particular concern relate to assessment and the feedback given to students. *In these areas the HE provided in colleges consistently outperforms universities.*
7. Colleges combine value-for-money provision coupled with high quality delivery. The provision in colleges in key areas is more cost-effective than similar provision in universities. For example, the provision of HNC/Ds in colleges range from £690-£1,170 per annum with a mode of £690, compared with that in HEIs which range between £949-£2,100 with a mode of £948. This is particularly important in the context of widening access to HE, strengthening part-time provision and supporting the skills needs of Wales.
8. The cost effectiveness of the delivery of various types of HE and their attendant level of student financial support must be taken seriously in a time of austerity in the public finances. The college sector critically delivers both quality and value for money in the delivery of HE in Wales.

**Q4 To what extent does the current funding system support widening access?**

**Not Very Well.**

9. Higher Education funding and student finance arrangements continue to be, indeed are increasingly, dominated by full-time three year residential degrees. This leaves part-time and higher, technical and vocational education less prominent and less well supported. This is a major flaw in the system that needs to be addressed.
10. A number of influential organisations, including the OECD, the CBI, TUC and the FSB agree that England and Wales have a weak higher technical and vocational education system. The present system for the validation and award of HE qualifications in Wales is strongly based on a traditional academic model, founded on the principles of a university education system developed in the 19th and 20th centuries. This model may have been valid a few decades ago, but in the scenario where 50% of young people can rightly expect to access higher education we need a broader plurality of routes to higher education, including work-based higher education. We are not aware that HEFCW currently funds

any significant work-based HE, which is a serious gap in its funding of HE provision.

11. Based on the clear orientation of the *Policy Statement on Higher Education*, the allocation of funding and student numbers should follow a 'whole system approach' not based on market competition or on supporting particular types of HE providers but instead focussed on the delivery of the most relevant HE programmes for students in Wales. Widening access to HE should be at the *heart* of HE policy in an endeavour not only to provide social justice but also to ensure Wales' future economic success in fulfilling skills gaps and employer demand at a local and regional level within Wales.
12. The UK Commission for Employment and Skills predicts that higher skilled trades jobs in Wales should rise (*Working Futures Report 2010-20*) and that the structure of the Welsh economy will be somewhat different from that in the rest of the UK. A greater focus on high level vocational skills will help Wales respond to future skills requirements and there is a strong case for a decisive shift in funding and student finance arrangements towards level 4 and 5 provision. Qualifications such as Higher Apprenticeships, HNC/HNDs, Foundation degrees should be funded directly by Welsh Government.

**Q5. To what extent does the current arrangements support widening access through the medium of Welsh?**

**Not very well.**

13. The amount of money available to support HE provision through the medium of Welsh has been declining even though student demand and take-up of provision has been growing. A HEFCW commissioned report from ColegauCymru on Progression from FE to HE provision in Wales in 2011 revealed a 5% increase in progression from Welsh-medium FE courses to HE programmes between 2008-2010. The limited funding available to support Welsh-medium learning is becoming a serious barrier to the further development of progression to HE provision through the medium of Welsh.
14. At the National Eisteddfod in 2013, Coleg Cymraeg Cenedlaethol and ColegauCymru signed a Memorandum of Understanding with the aim of widening the delivery of Welsh-medium education in the FE sector and to create opportunities for learners who wish to progress from FE to HE through Welsh-medium study. In response to the Memorandum both Coleg Cymraeg Cenedlaethol, with HEFCW funding, and ColegauCymru, with Welsh Government funding, have independently achieved considerable success in expanding access to provision through the medium of Welsh.

15. There is now a case for more formal arrangements between the two organisations to secure the further development of Welsh-medium provision, especially in widening access to higher vocational education for socially excluded groups. Co-operation and partnership between the FE and HE sectors could, for example, ensure the more effective deployment of scarce staffing resources and Welsh-medium expertise. This should be a priority in any new HE funding system.

## **Q6 To what extent does the system support the skills needs of Wales?**

**Not very well.**

16. Vocational higher education, delivered locally, has the potential to widen access to HE. There are, however, barriers that inhibit the capacity of Colleges to respond to the higher skills needs of Wales. These barriers relate to the funding system in Wales and the franchising model between colleges and universities. Colleges are major contributors to the widening access agenda because most students are in work, have not benefited from HE as full-time students and are over 21 years of age.
17. Current higher education funding and student finance arrangements are dominated by three-year full-time degrees leaving part-time and higher vocational provision less prominent and supported. Consequently, we have a relatively weak higher technical and vocational system. For over a hundred years, college core provision has included 'sandwich' courses, apprenticeship education and 'night school' provision for people in work leading to vocational qualifications and skills development directly related to the needs of the work place. This provision has been adversely affected over the last five years by constraints on funding and student finance arrangements and has resulted in a sharp and damaging decline in part-time HE provision.
18. Despite this, colleges continue to enrol approximately 7,000 students per annum onto HE vocational programmes in the delivery of personalised models of learning, working directly with employers to develop the most relevant models and programme pathways for each employer
19. Colleges have enjoyed considerable success in supporting learners for lower income groups and deprived communities, learners who have a lower socio-economic profile than traditional HE students. The capacity of these students to pay high fees and other costs for their studies is limited and there is a need for much more sympathetic funding and support for part-time learners to encourage seamless articulation to higher learning. A revised funding model must develop more opportunities for part-time and work-based higher education in colleges where, for personal and locational reasons, it might not be possible to study directly with a university.



### **Q7. Is funding balanced proper to support part time study, full time study and postgraduate study?**

20. The current system is heavily skewed toward the traditional three year, full-time residential Bachelors' degree at the expense of part-time HE students and work-based HE participants. While funding for part-time students and post-19 FE provision has been reduced, in some cases sharply, the total funds devoted to full-time undergraduates (wherever they study) has increased from £208m in 2011/12 to £227m in 2014/15. This is neither sustainable nor fair looking beyond 2015.

### **Q8. What does a top-class HE system look like?**

21. A top-class higher education system in Wales would fulfil all of the following aims in the most efficient and cost effective manner:
- “create the environment to challenge and support individuals to achieve the highest levels of intellectual and personal fulfilment, no matter where they come from
  - foster research and exploration which adds to the sum total of human knowledge, irrespective of whether the intellectual discovery has a direct or immediate application
  - develop the knowledge, high level skills and understanding of individuals in order to drive an adaptable, sustainable and innovative economy
  - exploit knowledge and expertise in order to drive sustainable economic growth and wealth creation help nurture a democratic, civilised and inclusive society recognising diverse cultural identities and celebrating cultural creativity
  - play a lead role in ensuring that Wales is recognised as a valued contributor to the global community.”<sup>12</sup>
22. As we do not currently achieve these aims fully we cannot say that we have a top-class system of higher education - in the UK or Wales. As we do not meet these aims we are a less prosperous and socially inclusive society than we aspire to be.

### **Q9. What does a top-class HE sector funding system look like?**

23. A top-class funding system would achieve the aims outlined in response to Question 8. Such a funding system would enable the rapid expansion of work-based higher education, including Degree-level Apprenticeships. A top-class funding system would restore the level of support for part-time higher education to the level seen in 2011. It would facilitate wider access to higher education

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<sup>12</sup> The aims of HE set out The Phase 2 Report of the Review of Higher Education in Wales chaired by Professor Merfyn Jones <http://gov.wales/docs/dcells/publications/090622hephase2en.pdf> , p.4.

through community-based higher education taught by a range of providers, including colleges.

24. A top class system would not offer undue incentives for students to study via one mode of study or another. It would encourage the take-up of higher education taught through the medium of Welsh. Finally, it would help and incentivise providers to offer provision that addressed the skills needs of our local and regional economies.
25. A new funding system along these lines is achievable if the political will is there to drive change in the right direction.

**Q11. Do you think the student finance arrangements are sustainable? If not, how would you change them?**

**No.**

26. The arrangements are not sustainable in their present form. We need to break away from a marketised and splintered higher education model to something more distinctively founded on our own nation's values. This would reap both economic and social benefits. Wales was a crucible of community and adult education in Europe, we must not let this legacy lapse.
27. We would suggest a shift of resources from the existing tuition fee grant and full-time undergraduate student loan support toward the direct funding of work-based higher education programmes. If needs be, this should be achieved by the use of caps on the numbers of full-time undergraduates studying three year, full-time residential programmes. Resources should then, in part, be directed to a new suite of Degree Apprenticeships, which would be five year part-time programme comprising a Foundation degree (or a HNDs) followed by a 'top-up' to a Bachelor's degree.
28. We would expect the Foundation degree or HND element to be taught by the college and the 'top up' element to be taught by a university or a college. The student would have 'employed status' and would 'earn while they learned'. The programme would be vocationally relevant and the employee/student would demonstrate the relevant work-based competencies. This would in turn enhance employability. They would leave the programme with a substantially lower level of student debt. This is a vision that can be fulfilled.
29. As the net cost of work-based higher education to the government is lower than traditional three year residential degree provision we would expect *the total number of students on HE courses - including level 6 programmes – to increase* if this model was adopted.

### **Q13: What sustainability challenges are facing institutions in Wales?**

30. Colleges have faced year-on-year cuts in funding which threatens Wales shared ambition to tackle educational inequality and social exclusion. Education provision at colleges has the greatest impact in addressing educational inequalities and disparities of access to HE based on poverty. These investment cuts have resulted in a significant change in the focus of colleges in favour of full-time learning pre-19 at the expense of learning opportunities post-19 for adults who wish to study part-time.
31. Wales has an opportunity to establish a new national model for developing higher education provision at levels 4, 5 and 6, with discussion focussed on the development of new pathways for learners such as higher level and degree apprenticeships. The current model of level 4 and 5 provision between colleges and universities does not deliver for students.
32. The existing 'franchise' model has very serious shortcomings which accentuates an invidious academic/vocational divide. There is a need to look at new approaches to partnership focussed specifically on employer and student demand. This is achievable with a 'Team Wales' ethos. It is fair to say, however, that a Team Wales ethos does not currently characterise the highly asymmetrical relationships between universities and colleges in franchised provision – though there are areas of best practice and some relationships are strong and productive. But the franchise model in general has weaknesses that work against the interest of students and the needs of employers.
33. To ensure greater effectiveness and efficiency of increasingly limited public resources, funding for all level 4 and 5 provision should reside with the Welsh Government and not HEFCW. This is the model currently employed in Northern Ireland, where there is now a successful *modus operandi* between public providers of further and higher education. Level 4 and 5 provision now is largely delivered by colleges in the province, a situation that is similar in Scotland. Monies currently held by HEFCW for the purpose of funding level 4 and 5 provision should be transferred to the Department for Education and Skills in the Welsh Government.

### **Question 14: What should be the highest priority for the future redirection of investment?**

34. In January 2015 Professor Sir Nigel Thrift, the vice-chancellor of a leading Russell Group university, was asked by the *Times Higher*. *[W]hat is the most pressing higher education policy the main parties need to address?*

Professor Thrift's answer was:

*"It's actually further education which is too often treated, in our still sadly class-divided society, as a poor cousin of higher education. Every person of student age needs to be treated equally. They're not."*<sup>13</sup>

35. Universities in Wales have seen increased net income levels, resulting from changes in UK and Welsh Government policy since 2011 (i.e. the protection of research funding and the introduction of £9,000 fees). We note Welsh Government estimates that income for universities in Wales will continue to grow in the coming years.
36. Colleges in Wales have, by contrast, faced sharp reductions in public investment in 2014/15 and 2015/16 due to the UK austerity agenda and government decisions. These reductions will lead to a substantial reduction in provision for part-time adult learners and a reduction in the funded work colleges will be able to conduct with employers on addressing important skill needs.
37. Underinvestment in college-based education provision will hinder our shared mission to achieve widened access to higher education. Maintained (or higher income) for universities *coupled with cuts for colleges* will only lead to the continuation of a system where the offspring of middle and upper income parents continue to dominate the intake of universities in their traditional full-time programmes. This is the opposite outcome of the policy direction that has been set in Wales for more than a decade, where social justice has rightly been our touchstone.
38. There should not be direct competition for resources between pre-16, post-16 and higher education provision. Each sector has a crucial role to play within its own important domain. Without good schools post-16 education is much more challenging. Without good post-16 provision we will not secure effective and socially inclusive progression to higher education. The terms of question 14 are therefore inapt and we would be highly concerned if the likely preponderance of responses from HE providers and their associated bodies were to skew the outcome of the consultation on this point. We should instead look at the evidence-base - and the comments of Nigel Thrift.
39. The Diamond Review needs to focus instead on putting forward a model for high quality *and* cost-effective higher education that delivers for future students and our changing economic needs. The current student fees and funding model is not fit for purpose beyond 2015 in this regard. Fixing this problem should be the priority for the Review Group.

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<sup>13</sup> <http://www.timeshighereducation.co.uk/news/people/qa-with-sir-nigel-thrift/2017883.article> 15 January 2015.

### **Question 15: How can the funding system be made to be more targeted and effective?**

40. We would wish to highlight six key points here:

- Funding for level 4 and 5 technical and vocational programmes should be transferred from HEFCW to the Welsh Government and the Welsh Government needs to reassess the balance of incentives and payments in the loan system.
- The Welsh Government should work, at pace, with the UK Government on the Association of Colleges proposals for a 'Technical and Vocational Accreditation Council' that would allow greater flexibility in awarding those type of qualifications.
- Consider new names for some higher technical and vocational qualifications e.g. professional or technical degrees.
- Higher Apprenticeships, funded through work-based learning contracts should be extended to include HNC/Ds and Foundation Degrees. There is also a need to streamline support and funding for those working towards a Higher Apprenticeship.
- New 'Degree Apprenticeships' - five-year part-time FDs or HNDs followed by a 'top-up' to a Bachelor's Degree - should be introduced as a real alternative to the traditional three-year residential full-time degree. Current HEFCW funding supporting three-year undergraduate degree provision should be transferred to pump prime this development.
- Part-time higher education funding should at least be maintained in cash terms to ensure that adults are able to retrain and upskill to meet the needs of the Welsh economy for higher level vocational skills.

41. The rationale behind the above recommendations is based on the need to facilitate effective alignment between the needs of employers and the learning experience of students. An 'earn-while-you-learn' model has the advantage of supporting employability skills and reducing the maintenance burden on the student, the employer and the government.

**Q16: The RAB charge in Wales is 34.6%. Is this appropriate?**

42. We should start from first principles rather than allow accounting principles to determine the optimal shape of our higher education funding system. We note that the RAB charge appears to be lower in Wales than in England.