

Funding higher-level work-based learning

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Contents

1. Introduction	3
2. Higher Education Funding Council for England (Hefce)	3
2.1 Part-time provision in the mainstream teaching allocation	3
2.2 The impact of ELQ	4
2.3 Additional student numbers (ASNs)	5
2.4 Targeted allocations	5
2.4.1 Part-time provision	5
2.4.2 ELQ transitional support	5
2.4.3 Foundation degrees	5
2.4.4 Widening participation (WP)	6
2.4.5 Teaching enhancement and student success	6
2.4.6 Review of targeted allocations	6
2.5 Co-funding and employer engagement	7
2.6 Hefce's role in FE	8
3. FE sector funding of HE	8
3.1 Non-Prescribed Higher Education (NPHE)	9
3.2 Funding FE qualifications in HE programmes	10
3.3 The implications of future FE funding arrangements	10
4. European Social Fund (ESF)	10
5. Scotland, Wales and Northern Ireland	11
6. Conclusions	11
Annex 1:	
ELQ exemption list and full definition of ELQ– extract from Annex A to Circular Letter 07/2008: changes to fundability status guidance to be introduced from HESSES08	13
Annex 2:	
Hefce targeted allocations for Foundation degrees and accelerated & intensive postgraduate taught courses, price group D, 2009-10	16

1. Introduction

Our remit was to produce a paper outlining the existing and potential future funding environment for higher-level work-based learning in England, with reference where appropriate to the other UK nations. The context is that of the unprecedented focus on the economic role of higher education in engaging with employers, raising workforce skills and extending opportunities to all who can benefit from higher learning, not least in the workplace. The recession has both heightened the need for the skills needed for recovery while at the same time reducing the financial capacity of government to support innovative higher level learning. Financial constraints are therefore an increasingly prominent feature of the landscape against which this paper is set.

The paper is based mainly on desk research of the relevant public funding agencies. As well as researching specific funds associated with work-based learning, we also explored the funding of part-time teaching provision generally, as this is the predominant mode of delivery for people learning at work.

Inevitably, our findings focus primarily on the relevant Hefce teaching funds – the main teaching allocation, with particular reference to part-time provision (as work-based learners' principal mode of study); and the relevant additional specific funds, notably those for employer engagement, widening participation and Foundation degree places. Other important areas of investigation were Non-Prescribed Higher Education, an area symptomatic of the disjuncture, in terms of funding, of further and higher education, with work-based learners the most disadvantaged; and the impact of the government's controversial equivalent and lower qualifications (ELQ) policy on the funding of work-based learning.

2. Higher Education Funding Council for England (Hefce)

2.1 Part-time provision in the mainstream teaching allocation

The funding of HE part-time provision has been described as an “afterthought” by the university teachers' association, “inadequate” by a vice-chancellor and “precarious” by the Select Committee on Innovation, Universities and Skills.¹

Hefce's central funding methodology is based on a year of full-time provision, with weightings applied in four bands to take account of the higher costs of delivering courses such as medicine and engineering. There are also additional London weightings. Part-time provision is funded pro-rata in terms of full-time equivalence (FTE), expressed either as a proportion of annual learning time (24 weeks) or credit (120 credits).

The Hefce grant settlement for 2009/10 represents a two per cent increase in the unit of funding for teaching. For example, an unweighted undergraduate course will bring £2,662 per student of Hefce funding in 2009/10, assuming a fee income of £1,285. The only, albeit oblique, reference to work-based learning in the mainstream allocation guidance concerns the 'year out' of 'sandwich' students, which Hefce counts at the rate of 0.5 FTE per student for that year.

The introduction of a new flexible study measure in 2009/10 promises to be of particular benefit to part-time provision where there is an added likelihood that study intentions for the year may not be completed in full. In these cases HEIs no longer risk losing the entire year's funding, as any modules completed in a year that are less than the study intentions will now be counted for funding purposes, with a minimum threshold of 20 credits (0.16 FTE). This

¹ HEFCE Review of the teaching funding method: Consultation January 2006. Response from AUT and NATFHE; Professor David Latchman, Master of Birkbeck College; Select Committee on Innovation, Universities and Skills Third Report, March 2009

condition, Hefce says, is to minimise any incentives for institutions to divide their provision into very small units.

It is important to note that this flexibility to fund modules does not apply to colleges directly funded by Hefce. Although indirectly-funded colleges may benefit via the lead HEI's distribution of such funds to franchise partners, directly-funded colleges are excluded from the new flexible rule.² This discrimination is based on Hefce's interpretation of the Further and Higher Education Act 1992 which limits its direct funding powers to colleges to full 'prescribed' qualifications³ (examined in section 3.1). However, as long as intended learning aims are achieved, Hefce continues to fund down to FTE 0.03 (equal to one week of full-time tuition), provided, in the case of directly-funded colleges, the student is signed up for an entire, prescribed⁴ HE programme.

Hefce recognises that there are extra costs associated with part-time students, citing the higher administration costs of two 0.5 FTE students compared to one full-time student as an example. It used to add a premium of 10 per cent to the unweighted cost of part-time students such as those doing Foundation degrees. Since 2008 this premium has been re-allocated to targeted allocations outside the mainstream teaching grant, which are examined in later paragraphs. Ironically, part of these additional allocations is designed to mitigate the damaging effects on part-time provision of the controversial government policy to phase out from 2008/9 funding for those studying for an equivalent or lower qualification (ELQ) compared to one they have already been awarded. As these measures are bound to include a significant number of work-based learners, the impact of ELQ is examined further in the next section.

2.2 The impact of ELQ

The ELQ policy aims to re-direct £100m a year from those who have already benefited from HE to support the widening participation agenda. In evidence to the Select Committee on Innovation, Universities and Skills, the government claimed that part-timers and more mature students were likely to be "significant gainers" from the policy. The Select Committee, however, found no evidence for this, pointing to Hefce modelling indicating that 20 per cent of part-time students in England would become unfunded from 2008/09 (against only two per cent of full-time students) and that 16 per cent of part-time funding would be phased out (against just 1.6 per cent for the full-time sector).⁵

In a paper on ELQ the Open University added that the policy exacerbated the under-funding of part-time provision, in that the part-time sector has not been able to benefit to the extent that the full-time sector has, from increases in student fees; and the part-time premium (which stood at 10 per cent and was due to rise to 16.5 per cent in 2009/10⁶) failed fully to compensate institutions for the per-capita costs of supporting part-time students, which a Hefce-commissioned report put at over 40 per cent.⁷

Acknowledging the undesirable effects of ELQ in some areas of provision, the government exempted some programmes and sectors from the policy, most related to work-based learning – Foundation degrees, teacher training and a range of health and social care professional qualifications.⁸

² This was confirmed to us by a representative of the Mixed Economy Group (MEG) of colleges

³ Examined in section 3.1

⁴ For definition, see section 2.5

⁵ Select Committee on Innovation, Universities and Skills Third Report, March 2009

⁶ 15 per cent according to evidence submitted to the Select Committee

⁷ OU (2007) Funding for Students taking 'Equivalent or Lower Qualifications' (ELQs):

A briefing note and commentary

⁸ The full list is given in Annex 1

2.3 Additional student numbers (ASNs)

As has been widely publicised, provision for 40,000 ASNs for both 2009/10 and 2010/11 announced in March 2008 was subsequently scaled back in October to 10,000 for 2009/10. It remains to be seen whether a similar brake will be put on ASNs for the following year. Provision co-funded with employers, however – examined in a later section - is unaffected.

ASN funding priorities with most relevance to work-based learning are:

- funding growth to complete business plans of currently funded Strategic Development Fund projects (many of which relate to employer engagement)
- Foundation degrees – 4,700 part-time, 1,500 full-time
- Employer co-funded places – 7,800 part-time, 500 full-time (discussed in section 2.5 below)
- Strategically Important and Vulnerable Subjects (SIVSs) particularly science, technology, engineering and mathematics (STEM) subjects
- priorities within the healthcare sector.

ASN funds also include a £13m allocation to three institutions (OU, Birkbeck and London Metropolitan) particularly affected by the ELQ policy. (Wider support relating to ELQ is available through a separate discrete fund, examined later.)

2.4 Targeted allocations

New targeted allocations replace the former premiums attached to such areas of provision, as mentioned earlier in the context of part-time places. All the targeted allocations described below are available to both HEIs and FECs.

2.4.1 Part-time provision

In the current year this allocation, which replaces the former premium on part-time places, amounts to £43m. Although this is an increase of over 30 per cent on the previous year, this still leaves a funding gap of over 20 per cent between the actual cost of part-time delivery and Hefce support for it, according to data given earlier on the impact of ELQ.

Although there is a commitment from Hefce to increase this allocation by £30m in 2009/10, it “arises from the implementation of the Government’s policy on funding for ELQs.”⁹ Therefore this is unlikely to amount to an increase in real terms of support for part-time provision.

2.4.2 ELQ transitional support

Hefce has allocated £72 million in transitional funding for ELQs, with an additional £4m ‘safety net’ “to ensure that institutions do not see an overall cash reduction in 2009-10 as a result of the ELQ policy.”¹⁰ We assume that this transitional support includes the £30m of additional part-time support mentioned above.

2.4.3 Foundation degrees

This targeted allocation recognises that “there are usually higher costs for foundation degrees associated with partnerships between institutions and employers.”¹¹ Significantly for work-based learning provision, the allocation is ‘variable’ to recognise costs that vary according to the volume of learning and teaching. The allocation of £24m in the current year replaces the former flat-rate premium of 10 per cent which did not allow for this element of variation. The allocation for 2009/10 is included in Annex 2.

⁹ Hefce (2009) Recurrent grants for 2009-10

¹⁰ Ibid.

¹¹ Hefce (2008) Funding higher education in England: How HEFCE allocates its funds

2.4.4 Widening participation (WP)

The targeted allocation for widening participation – £364m in the current year – is not a form of individual student support, but rather allocations to institutions that reflect the additional costs they may face because of the broad mix of students that they recruit. The different elements to the widening participation allocation include:

- **Widening access** – recognising the extra costs associated with recruiting and supporting undergraduate students from disadvantaged backgrounds who are currently under-represented in HE
- **Improving retention** – recognising institutions' broad mix of students according to the risk that they will not continue their studies. Importantly in the context of work-based learning, nearly £60m of the WP allocation is specifically focussed on improving the retention of part-time undergraduates.

In 2009/10 a substantial part of the WP allocation is being re-directed to form a new targeted fund to support teaching enhancement and student success (examined in the next section). The WP allocation for 2010/11, therefore, has been reduced to £141m. Again in the context of work-based learning, we note that over £60m of this is ear-marked for widening access for part-time undergraduates from disadvantaged backgrounds.

2.4.5 Teaching enhancement and student success

This new targeted allocation of £266 million includes £54 million for improving retention of part-time undergraduates. It also includes £31 million for institutional learning and teaching strategies and £10 million for research-informed teaching, which may be relevant to the delivery of innovative work-based learning.¹²

2.4.6 Review of targeted allocations

In July 2009 Hefce launched a consultation on proposals to withdraw from 2010-11, possibly phased over a number of years, three targeted allocations from recurrent teaching funding. Two of the targeted allocations concerned – each amounting to £24 million in 2009-10 – are relevant to work-based learning:

- accelerated and intensive provision of postgraduate taught subjects (that is, courses that last for 45 weeks or more within an academic year) in price band D
- Foundation degrees.

The proposals are part of a package of measures to achieve efficiency savings required of Hefce by the government. The deadline for responses to the consultation is 14 October 2009.

The impact on Foundation degree provision is clearly of major interest in the context of work-based learning. Hefce's rationale for the withdrawal of this allocation is that the target for these programmes is now close to achievement and as such Foundation degrees no longer warrant additional support. In addition, Foundation degrees benefit from their current exemption from the ELQ policy; and insofar as they widen participation, they attract additional funds for widening access and improving retention.

Withdrawal of the Foundation degree targeted allocations would have a significant financial impact on institutions with substantial Foundation degree portfolios, as illustrated in Annex 2.

The impact of the proposal regarding taught postgraduate courses in Band D would be more diffuse, as the band covers a wide range of subjects that are not necessarily connected with

¹² Hefce has defined research-based teaching as:

- Discipline-based research informing the curriculum
- Pedagogic research
- Scholarship
- Research as a process by which learning takes place.

the workplace. It does however include professional development programmes in subjects such as management and business administration, as evidenced by allocations (and therefore potential losses) in this band of over half a million pounds at several universities, as illustrated in Annex 2.

The loss of this public funding for Foundation degrees and professional development would present a significant challenge to the institutions involved. It would mean the end of all public funding for the intensive postgraduate courses involved, leading to higher fees or lower per capita funding which could threaten viability and quality. Although work-based Foundation degrees would continue to attract additional funding through other allocations, many institutions might be challenged to make up the loss through higher fees or increased employer co-funding. This could threaten the viability of the many, relatively fragile Foundation degree programmes that are still in their infancy and reduce the capacity of institutions to work with employers to develop new programmes.

The full list of targeted allocations in both categories for 2009/10 is given in Annex 2.

2.5 Co-funding and employer engagement

The co-funded ASNs for 2009/10 stated above amount to 3,400 FTEs. These will increase substantially when final allocations are made and announced in July, when the total is expected to exceed 8,000 FTEs. As most of these are likely to be part-time places, the co-funded headcount could approach 20,000, which would be double the current co-funded figure.

Ministers intended the level of contribution to be split 50/50, but Hefce have found this hard to implement in practice. They are still testing the water, accepting bids for employer contributions of 25 per cent or more. Hefce also welcome proposals for in-kind employer contributions, particularly from sectors which have low levels of resource to spend on training their staff. They are interested in developing a sector-wide approach to in-kind contributions, and would welcome proposals from institutions which seek to test this type of co-funding from employers.

The co-funding approach builds on employer engagement capacity-building and co-funded projects supported by Hefce through the Strategic Development Fund (SDF), which is no longer open to bids. £99m of capacity-building has been allocated, together with 60 co-funded projects involving 46 lead institutions. With the co-funded places they bring the total employer engagement 'pot' to £15m in the current year. This will rise sharply to £40m in 2009/10 and to at least £50m the year after.

Hefce supports employer engagement through other programmes and funds, including:

- **Lifelong Learning Networks (LLNs):** All LLNs engage employers to varying degrees, primarily around curriculum development. Some see employer needs as a key area for future development, and have structures for engaging employers and Sector Skills Councils. Hefce has earmarked a small number of additional co-funded places – 200 part-time and 100 full-time – specifically for LLNs. The progression agreements that LLNs have developed, enabling learners to build a credit portfolio across institutions in the network towards a full qualification, have potential for use by employers and employees.
- **Aimhigher:** Funded jointly with DIUS via local authorities, Aimhigher's work is primarily with individuals, rather than employers. However, with vocational progression now a key priority, Aimhigher is increasingly involved in facilitating work-based learning. A major strand of Aimhigher's work is in the healthcare sector to widen access to the professions.

- **Higher Level Skills Pathfinders (HLSPs):** These aim to find ways of connecting employers and HE on a regional basis, linking with the Train to Gain programme through its brokerage service. Hefce currently funds three HLSP – in the North West, North East and South West. Led by the Higher Education Regional Association in each region, the Pathfinders have development resources and additional student numbers to help build capacity in their institutions to respond to employer needs. Hefce describes their role thus: *“The Pathfinders are building on the Train to Gain model by putting in place HE specialists to work with employers to identify their higher-level skills needs, and work with HE institutions to develop responsive provision. In this way, the Pathfinders aim to build both the long-term capability and the capacity of institutions to engage with employers. The Pathfinders provide the regional infrastructure for employer engagement which, it is hoped in the longer term, will also promote employer contributions to this type of HE provision.”*¹³
- **Economic Challenge Investment Fund:** Over 70 HEIs and colleges successfully bid to this £50m fund launched in response to the economic downturn. The institutions will support some 50,000 people and 11,700 businesses through short courses and work placements for graduates.

2.6 Hefce’s role in FE

‘HE in FE’ is a very significant area of higher-level vocational provision, including work-based learning. Funding arrangements are complicated because it spans the two education sectors with their different funding regimes. This section examines Hefce’s role in supporting this important niche of HE provision.

Much HE funding for HE in FE comes to the colleges indirectly through franchise arrangements with universities. However, some 130 colleges are funded directly by Hefce for ‘prescribed courses of higher education’. For funding purposes these are defined as:

- higher degrees (such as masters)
- postgraduate diplomas
- Postgraduate Certificates of Education
- first degrees (BA, BSc, BEd and Foundation degrees)
- Foundation degree bridging courses
- Higher National Diploma and Certificate
- Diploma in Higher Education
- Certificate in Education
- Diploma in Teaching in the Lifelong Learning Sector.

Only fully achieved learning aims towards a full qualification are eligible for direct Hefce funding to colleges. It should also be noted that the same differentiation applies to consortia where students are registered with the college consortium member, rather than the lead HEI.

3. FE sector funding of HE

This section examines the role of the LSC in funding higher work-based learning, and the future structure for such funding when the LSC is abolished next year.

¹³ <http://www.hefce.ac.uk/econsoc/employer/path/>

3.1 Non-Prescribed Higher Education (NPHE)

The LSC is responsible primarily for funding further education up to level 3. It is also empowered to support so-called Non-Prescribed Higher Education (NPHE) in the FE sector. Hefce can fund NPHE in HEIs but not in colleges.

Section 2.6 includes a list of qualification categories that define 'prescribed' HE for funding purposes. Non-prescribed HE comprises two categories of higher-level provision learning:

- that accredited by QCA for inclusion in the National Qualifications Framework (NQF) at Level 4 or above. These include all NVQs at levels 4 and 5.
- that leading to a qualification given by awarding bodies or other external organisations which is not accredited and is therefore outside the NQF. These are mostly non-accredited professional qualifications awarded by the respective professional bodies.

There is no national database of non-accredited qualifications, but searches of the Section '97 database of approved qualifications for use at 19+.¹⁴ reveal a wider range and significant number (530) of accredited qualifications which fall into the NPHE category. 250 are NVQs at levels 4 and 5, and 280 are other higher-level, mostly vocational and professional qualifications with a variety of titles – certificates, diplomas, awards, licentiates, fellowships – that follow no consistent pattern. The higher-level NVQs, as competence-based qualifications, should in theory be achieved in the workplace (although one of the most popular higher-level NVQs, the AAT level 4 in Accounting, is highly unusual in that it is achieved largely through classroom-based study and assessment). The other NPHE qualifications are a 'mixed bag', from high-level music awards achieved in conservatoires to CPD-type qualifications centred on work-based learning, with a large group of other vocational qualifications in between that are likely to involve at least some learning in the workplace.

The significant scale of NPHE is confirmed in a survey of NPHE in the FE sector carried out in 2002.¹⁵ It found that there were over 60,000 students studying for LSC-funded NPHE qualifications in the FE sector, 30 per cent of them NVQs. A written parliamentary answer by Bill Rammell in 2005 put the NPHE student count at 72,000. LSC funding per student, he said, was £600 – a fraction of equivalent mainstream HE funding. As most NPHE students are adults over 30, much of this provision is self-funding through fees paid by students and employers.

The discretionary nature of LSC support for much NPHE has created something of a funding 'postcode lottery'. An NVQ Level 4, for example, might be funded by one local LSC but not in the neighbouring area. However, the transfer of funding of stand-alone NVQs at all levels assessed in the workplace to the Train to Gain programme from 2008/09 may go some way to addressing this anomaly.

Despite its low profile, precarious funding and negative nomenclature, NPHE has an important role, highlighted in the Dearing Review, in promoting vocational progression to HE. Responding to criticism that the very different and separate FE and HE funding systems are a major barrier to such progression, the funding agencies have pledged to work together more effectively to address the issue. One of the few tangible manifestations of this is the LSC/Hefce funding protocol for Higher Apprenticeships, which in theory ensures that all elements of the frameworks are funded by the appropriate agency through a division of funding responsibility that avoids potential for double-funding. The NVQ element, however, remains contentious. The LSC will fund any NVQ Level 4 in the frameworks only at the Level 3 rate, leaving a large funding gap in an expensive area of provision such as

¹⁴ <http://www.dcsf.gov.uk/section97/about/index.shtml>

¹⁵ LSDA (2002) Non-prescribed higher education: Where does it fit?

engineering. Furthermore, at least one employer piloting Higher Apprenticeship has found that an additional qualification – in this case an ILM level 3 certificate – incorporated into the programme is not eligible for LSC funding, whereas the same programme in Wales run by the same employer is fully funded.

3.2 Funding FE qualifications in HE programmes

LSC funding guidance on learner eligibility states that:

The LSC does not expect to fund FE qualifications or other programmes for groups of higher education (HE) learners. The funding provided by HEFCE for HE learners is intended to fund all of the learners' programmes. If, in order to gain their HE qualifications, a group of learners requires, for example, key skills, additional tuition in mathematics or sports coaching awards, the LSC would normally expect this to be funded out of the resources provided by HEFCE for the HE programme.¹⁶

However, discussions with the LSC confirm that whole FE qualifications up to level 3 such as NVQs incorporated into HE programmes are eligible for LSC funding, subject to the current LSC funding criteria and the ability of institutions to demonstrate that the qualifications are not covered by Hefce funding. The LSC is understandably anxious to avoid any possibility of 'double-funding', particularly at a time of financial stringency. On the other hand the routing of LSC funds for workforce development through the increasingly flexible Train to Gain programme, particularly with regard to SMEs, may smooth the way for HEIs seeking funding for the FE elements of innovative work-based learning programmes.

3.3 The implications of future FE funding arrangements

When the LSC closes in 2010 adult skills will be funded by the Skills Funding Agency (SFA). The SFA's focus on workforce skills and its remit to be more responsive to the demands of adults and employers could have a positive impact on addressing the FE/HE funding anomalies and barriers outlined above. Although the SFA's currently framed priorities make no mention of links to higher learning, the National Apprenticeship Service's prospectus promises a strong focus on progression opportunities and links with HE. This, together with the emphasis on progression routes to HE in the proposed new Specification of Apprenticeship Standards for England (SASE), the drive to achieve the Leitch target for higher-level skills and the renewed emphasis on the skills agenda we believe will emerge in DBIS's new strategy for higher education¹⁷ give grounds for optimism that FE and HE funding may support higher work-based learning more effectively in the future than hitherto.

4. European Social Fund (ESF)

In 2007, the EU launched a new round of ESF programmes for the seven years to 2013, with improving the skills of the workforce as one of the overarching themes. In the UK the programme is supported by £4.6 billion, half from the ESF, matched by a similar amount from the government. Each region has an allocation of ESF funds to support projects. Allocations are based on regional employment and skills needs.

The criteria for support include:

- building a skilled and flexible workforce: making sure training corresponds to the requirements of unfilled jobs in the new knowledge economy

¹⁶ LSC (2008) LSC Funding Guidance 2008/09: Learner Eligibility Guidance

¹⁷ At DBIS's request UVAC is preparing a paper on vocational progression to HE to inform the government's new HE strategy. The paper addresses FE/HE funding issues.

- attracting more workers into lifelong learning: funding more training in the workplace, especially in small companies or sectors with a low training record
- helping the social and voluntary sector, through training and development, to increase its work with disadvantaged groups
- supporting SMEs by developing technical and management skills.

Successful bids in HE mainly relate to the widening participation agenda. LLNs, for example, are part-funded by the ESF, and Hefce's support for Aimhigher summer schools is the result of a successful ESF bid. Although the emphasis of ESF is on the disadvantaged and low-skilled, the above criteria suggest that there may be scope to gain ESF support for higher work-based learning targeted at SMEs, the voluntary sector, areas of skills shortage and sectors with low HE participation.

5. Scotland, Wales and Northern Ireland

The focus of our study was on the funding of higher-level work-based learning in England, so our research into funding in the other UK nations was in less depth. Nevertheless, we were surprised how little emerged, in contrast to the high policy profile and large amount of relevant material in the public domain in England.

In Scotland the focus of employer engagement policy appears to be on colleges rather than HEIs. Scottish colleges are not involved in HE to the same extent as the English FE sector, although all HNCs and HNDs (which are awarded by the Scottish Qualifications Authority and remain very popular in Scotland, where there are no Foundation degrees) are delivered in colleges.

In Wales the emphasis of employer engagement policy appears largely to focus primarily on Third Stream activity, rather than workforce development. In Northern Ireland, meanwhile, we found limited information of direct relevance to the funding of higher work-based learning.

Anecdotal evidence from at least one large employer with training centres across the UK (such as that cited in section 3.1) suggests that funding for work-based learning may be more forthcoming outside England. We found no evidence for this based on the limited amount of research conducted. A more in-depth comparative study examining national funding policies in detail would be required to establish whether or not funding support for higher work-based learning is more favourable in one nation than another.

6. Conclusions

The funding environment supporting higher work-based learning presents a mixed picture. Encouraging developments have to be weighed against looming funding constraints that may cancel out the progress made and even reduce the capacity of institutions to engage with employers.

Although increased flexibility in the funding of part-time provision is helpful, Hefce funding methodology continues to be based on full-time provision. The targeted allocation for part-time provision goes only part-way to meeting the additional cost of part-time provision, so that a significant inequity vis-à-vis traditional full-time provision remains.

Threats include the ELQ policy, despite the exceptions made (which are subject to review) and transitional support package (which is temporary) designed to mitigate the damaging effects on parts of the sector, particularly provision for people in work. The current review of targeted allocations poses a significant threat to Foundations degrees, both to the many courses which are still in their infancy and accordingly fragile, and to the resource-intensive engagement with employers involved in the development of new programmes. The viability

of some intensive professional development programmes may also be threatened if that targeted allocation is withdrawn.

A further concern is the phasing out of Lifelong Learning Networks before their work in engaging employers is fully developed and embedded. If this concern is justified, institutions may need to put more of their own individual resources into sustaining partnerships and taking forward the employer engagement agenda.

In the current financial climate the 50 per cent employer contribution sought by government for co-funded places is likely to remain very difficult to achieve. Flexibility in the criteria for co-funded places is likely to be required for some considerable time – perhaps longer than the government will be willing to allow for if we enter a period of prolonged austerity in public spending. On the plus side, co-funded places are set to grow considerably in the coming years – and we see no sign that a change of government would change the policy – to the benefit of institutions that are successful in forging partnerships and co-funding arrangements with employers.

Annex 1

ELQ exemption list and full definition of ELQ – extract from Annex A to Circular Letter 07/2008: changes to fundability status guidance to be introduced from HESES08

6. Home and EC students who are aiming for a qualification whose level is equivalent to, or lower than, one they already hold – as defined in paragraphs 8 to 14 below – should be recorded as HEFCE non-fundable, except where their instance falls into one of the following categories of exemptions from the ELQ policy:

- a. They are in receipt of the Disabled Students Allowance (DSA) for at least some of their year of instance reported in the HESES return.
- b. They have stated that their qualification aim is a foundation degree.
- c. They are on a course of initial or in-service teacher training (in any mode or level of study). In-service courses are defined as courses for which the primary (but not necessarily the only) purpose is to improve the effectiveness of teachers, lecturers or trainers.
- d. They are on an undergraduate course (in any mode of study) for which an NHS bursary is payable.
- e. They are on an undergraduate course (in any mode of study) which leads to a first registerable qualification with:
 - i. General Medical Council (GMC)
 - ii. General Dental Council (GDC)
 - iii. Nursing and Midwifery Council (NMC)
 - iv. Health Professions Council (HPC) for the professions of:
 - chiropodist/podiatrist
 - dietician
 - occupational therapist
 - orthoptist
 - paramedic
 - physiotherapist
 - prosthetist or orthotist
 - radiographer
 - speech & language therapist
 - v. General Social Care Council (GSCC)
 - vi. Scottish Social Services Council (SSSC)
 - vii. Care Council for Wales (CCW)
 - viii. Northern Ireland Social Care Council (NISCC)
 - ix. Royal College of Veterinary Surgeons (RCVS).
- f. They are on an undergraduate course (in any mode of study) which is a course for which the primary (but not necessarily the only) purpose is to improve the effectiveness of practitioners registered with one of the professional bodies listed in paragraph 6e. In the case of the HPC, this must additionally relate to practitioners in the professions listed in paragraph 6e.iv.
- g. They are on an undergraduate course (in any mode of study) which leads to a professional qualification that has been professionally validated by the National Youth

Agency (NYA) or the Youth Council for Northern Ireland. These are courses leading to qualification to practice as a youth and community worker.

h. They are on an undergraduate course (in any mode of study) which is a course for which the primary (but not necessarily the only) purpose is to improve the effectiveness of professionally qualified youth and community workers.

i. They are on a full-time undergraduate course which leads on successful completion to registration with the Architects Registration Board (ARB).

j. They are either registered at an institution in Northern Ireland which receives funding from the Department for Employment and Learning (DEL); or are domiciled in Northern Ireland and registered with the Open University.

7. Home and EC students who are aiming for an ELQ in a strategically important and vulnerable subject (SIVS) should be reported as HEFCE non-fundable unless they are exempt from the ELQ policy by virtue of paragraphs 6a to 6j. The targeted allocation that we are providing for SIVS, following the introduction of the ELQ policy, is outside the mainstream teaching grant and does not in itself give exemption to students aiming for an ELQ in a SIVS.

8. Students are considered to be aiming for an ELQ where they are aiming for a qualification that is no higher than one they have already achieved. As explained in Annex J, where students have currently stated multiple higher education qualification aims as part of the same instance, they should be recorded against the lower aim. For example, a student with a stated aim of both an HND and a degree as part of the same instance should be recorded as aiming for an HND. Where the student's currently stated qualification aim for that instance is at a higher level than their highest entry qualification, then none of the study for the year of instance should be treated as study towards an ELQ. So, for example, if a student enters with a foundation degree and has a stated qualification aim of an honours degree, then they should not be treated as aiming for an ELQ. This would apply both where the student is aiming for the honours degree through, for example, a one-year top-up from the foundation degree, or where the honours degree involves three years of full-time study.

9. It is not possible for HEFCE to provide a full hierarchical list of the qualifications that are awarded in the UK or, indeed, elsewhere. In adjusting institutions' funding for 2008-09, we made some assumptions about a hierarchy, to reflect the data that we had available. However, institutions should not assume that the combinations of entry qualifications and qualification aims that we used to identify ELQ students for the purposes of adjusting 2008-09 funding will necessarily be a definitive means of determining whether or not a student is aiming for an ELQ. In most cases, whether or not a student will be aiming for an ELQ will be clear. However, in a minority of cases, institutions will need to make a reasonable academic judgement about whether or not a student's qualification aim is at a higher level than their existing highest entry qualification. Institutions should bear the guidance in paragraphs 10 to 15 in mind.

10. The Framework for Higher Education Qualifications in England, Wales and Northern Ireland (available at: www.gaa.ac.uk/academicinfrastructure/FHEQ/EWNI/default.asp) and the Framework for Higher Education Qualifications in Scotland (available at: www.gaa.ac.uk/academicinfrastructure/FHEQ/SCQF/2001/default.asp) should generally be used to determine a basic hierarchy of qualifications. Any revisions to those frameworks should be reflected as they are introduced. Further guidance on use of those frameworks is provided below.

11. In general, institutions should treat qualifications that fall within the same level within these frameworks as being equivalent. However, it may be appropriate in particular circumstances to consider a hierarchy of qualifications within a single level, particularly where students are progressing through a succession of qualifications. In particular, within Level M of the frameworks, it may be appropriate to consider a masters qualification to be at

a higher level than a postgraduate diploma, which in turn may be at a higher level than a postgraduate certificate. This may, however, not necessarily apply in all cases and will depend on the nomenclature adopted by different awarding bodies.

12. Integrated masters programmes (such as a four-year MEng, MPhys, MChem, MPharm, which for HESES purposes will be recorded as at undergraduate level, because they do not meet the definition of postgraduate in Annex J) should be treated as a masters level qualification for the purposes of the ELQ policy. This means that:

a. A student whose highest qualification on entry is a bachelors degree and who decides to study for an integrated masters programme should not be treated as aiming for an ELQ.

b. A student who holds an integrated masters qualification and who wishes to enrol on a one or two year taught postgraduate masters qualification (such as an MA or MBA), should be treated as aiming for an ELQ.

13. As is stated in the Framework for Higher Education Qualifications in England, Wales and Northern Ireland, MAs granted by the Universities of Oxford and Cambridge are not academic qualifications. Students holding such awards should be treated as holding a bachelors degree with honours. A number of universities in Scotland also have a tradition of awarding 'MAs' as opposed to 'BAs' at undergraduate degree level. These should also be treated in the same way as bachelors degrees, reflecting whether they are at honours or ordinary level.

14. All PGCEs (whether postgraduate certificates in education or professional graduate certificates in education) should be treated, for the purpose of the ELQ policy only, as being equivalent to honours degree level. This means that a student whose highest qualification on entry is a PGCE, and who has no other postgraduate qualification, would not be treated as aiming for an ELQ if they enrolled on a postgraduate masters qualification. (Students aiming for a PGCE of either type are exempt from the ELQ policy, as explained in paragraph 6c).

Annex 2

Hefce targeted allocations for Foundation degrees and accelerated & intensive postgraduate taught courses, price group D, 2009-10

Listed in order of Foundation degree targeted allocations. Institutions with 'zero' in both columns are not included.

Institution	Foundation degrees	Accelerated & intensive PGT price group D*
Total	£24,347,523	£23,983,639
University of Plymouth	1,640,139	295,769
University of Central Lancashire	768,717	163,929
University of Huddersfield	665,174	132,077
Newcastle College	631,166	0
University of the Arts London	617,354	55,395
University of Teesside	585,477	312,140
University of Brighton	501,233	100,383
Staffordshire University	491,889	54,406
University of Sunderland	470,522	16,341
University of Greenwich	436,386	43,633
Bournemouth University	424,754	0
Open University	406,601	823,503
University College Birmingham	389,788	0
Kingston University	385,699	287,460
University of Bedfordshire	385,281	114,667
University of Hertfordshire	382,521	127,339
Buckinghamshire New University	371,558	74,180
The Manchester College	366,225	0
Edge Hill University	320,742	33,455
Bath Spa University	299,293	12,662
University of West of England, Bristol	295,876	0
Hull College	291,649	0
Blackpool and The Fylde College	271,534	0
London South Bank University	264,555	138,487
University of Worcester	264,496	0
City University, London	261,290	944,937
University of Essex	250,124	290,140
Universities of East Anglia and Essex: Joint Provision at University Campus Suffolk	247,899	0
University of Bath	246,031	341,746
University of Birmingham	244,673	568,865
University of Derby	243,134	243,431
University of Kent	242,136	152,187
University of Wolverhampton	241,331	0
University of East Anglia	232,984	226,802
Macclesfield College	220,120	0
De Montfort University	207,296	136,677
Blackburn College	202,085	0
Canterbury Christ Church University	198,828	62,576
The Grimsby Institute of Further and Higher Education	195,559	0
Middlesex University	195,086	183,001

University of Bolton	190,754	22,900
London Metropolitan University	185,206	705,997
Thames Valley University	183,928	70,935
Nottingham Trent University	182,273	0
University of Northampton	180,929	168,133
Plymouth College of Art	177,113	0
Farnborough College of Technology	169,652	2,938
Manchester Metropolitan University	169,270	340,451
University of Chester	169,246	82,687
University of Cumbria	167,287	66,573
Oxford Brookes University	166,881	232,787
Leeds City College	165,325	0
Anglia Ruskin University	158,795	124,638
University of Northumbria at Newcastle	156,016	365,685
Harper Adams University College	152,947	0
Loughborough College	144,912	0
New College, Nottingham	142,401	0
Arts Institute at Bournemouth	141,296	0
Sheffield Hallam University	138,113	133,867
Bishop Burton College	135,630	0
University of Portsmouth	134,903	457,611
Northbrook College, Sussex	132,776	1,978
New College, Durham	131,998	0
Bradford College	131,369	0
Leeds Metropolitan University	129,926	48,253
Ravensbourne College of Design and Communication	127,936	0
Guildford College of Further and Higher Education	122,106	0
West Nottinghamshire College	120,808	0
St Helens College	119,885	0
Birkbeck College	109,133	741,400
The Sheffield College	108,691	0
University of Chichester	104,657	30,151
Sparsholt College, Hampshire	101,111	0
York St John University	99,644	0
Norwich University College of the Arts	94,754	0
University of Winchester	93,689	0
University of Gloucestershire	93,687	90,511
University of East London	92,216	235,903
Birmingham City University	91,411	170,171
University of Salford	90,758	249,069
York College	90,687	0
North Lindsey College	90,555	0
Liverpool John Moores University	83,700	129,169
Chesterfield College	81,214	0
Gateshead College	79,118	0
Westminster Kingsway College	77,218	0
Warwickshire College	76,475	0
Roehampton University	76,041	77,770
St George's Hospital Medical School	75,459	0
University of Sussex	74,305	324,851
Bishop Grosseteste University College, Lincoln	73,309	0
Writtle College	71,619	0

Kirklees College	71,158	0
University of Southampton	69,926	118,258
Cleveland College of Art and Design	69,399	0
Leeds College of Art and Design	68,421	0
Askham Bryan College	67,901	0
Southampton Solent University	66,466	34,374
Newman University College	65,852	0
University of Leicester	65,684	1,025,793
Conservatoire for Dance and Drama	64,903	0
University of Hull	58,619	108,188
University of Lincoln	56,457	115,815
Ealing, Hammersmith and West London College	53,931	0
St Mary's University College	53,646	19,784
Coventry University	52,598	134,481
Stockport College	51,910	0
Royal Agricultural College	49,849	0
Liverpool Community College	49,263	0
Havering College of Further and Higher Education	47,637	0
Leeds Trinity & All Saints	46,526	0
Moulton College	46,178	0
Liverpool Hope University	45,549	43,030
University of Westminster	43,762	442,258
East Riding College	41,702	0
Wigan and Leigh College	41,557	0
Accrington and Rossendale College	40,662	0
Croydon College	40,013	0
University College Plymouth St Mark & St John	39,098	0
University of Bradford	38,468	193,803
University for the Creative Arts	37,049	0
Institute of Education	34,015	561,130
Wakefield College	33,049	0
Leicester College	32,999	0
Highbury College, Portsmouth	32,529	0
City of Westminster College	32,115	0
Northumberland College	31,681	0
University of Reading	31,153	389,149
Hereford College of Arts	28,932	0
Craven College	28,342	0
University of Warwick	26,801	673,640
University of Bristol	25,805	296,708
Lakes College - West Cumbria	25,601	0
Doncaster College	25,465	0
Hopwood Hall College	25,179	0
Wirral Metropolitan College	24,241	0
Leeds College of Music	23,850	0
Lincoln College	21,797	0
Calderdale College	20,331	0
Lancaster University	20,167	405,065
Queen Mary, University of London	20,135	386,774
City College, Coventry	19,455	0
Walsall College	19,158	0
Trinity Laban Conservatoire of Music and Dance	18,375	0

Kingston College	17,692	0
Worcester College of Technology	17,594	0
University of Leeds	17,160	530,217
Royal Veterinary College	16,617	0
Swindon College	16,199	0
South Tyneside College	15,932	0
Carlisle College	15,256	0
Royal Northern College of Music	14,833	0
Exeter College	14,466	0
The Solihull College	13,821	0
The College of North West London	13,415	0
Dearne Valley College	13,294	0
Riverside College Halton	13,164	0
North East Worcestershire College	12,902	0
Tyne Metropolitan College	12,902	0
City of Bath College	12,707	0
Wiltshire College	12,121	0
Trafford College	11,729	0
Castle College Nottingham	10,967	0
Ruskin College	9,774	0
Barking College	8,211	0
Rotherham College of Arts and Technology	8,148	0
New College Stamford	7,429	0
Gloucestershire College of Arts and Technology	6,521	0
University of Sheffield	6,419	414,571
University of York	6,186	286,708
University of Surrey	5,865	225,071
City of Sunderland College	5,865	0
Rose Bruford College	5,083	0
Yorkshire Coast College of Further and Higher Education	5,083	0
City College, Birmingham	4,888	0
South Nottingham College	4,496	0
Central Sussex College	4,454	0
Bolton College	4,285	0
Herefordshire College of Technology	3,656	0
Royal Holloway, University of London	3,167	178,302
North West Kent College of Technology	3,128	0
Eastleigh College	2,737	0
Joseph Priestley College	2,096	0
Southampton City College	2,096	0
Oxford and Cherwell Valley College	1,563	0
Derby College	1,521	0
Boston College	391	0
Aston University	0	21,485
Brunel University	0	340,282
University of Cambridge	0	44,514
Central School of Speech and Drama	0	7,914
Cranfield University	0	145,510
University of Durham	0	422,148
University of Exeter	0	221,678
Goldsmiths College, University of London	0	250,760
Heythrop College	0	92,984

Imperial College London	0	265,262
Keele University	0	186,542
King's College London	0	651,008
University of Liverpool	0	196,671
University of London	0	104,360
London School of Economics and Political Science	0	963,573
Loughborough University	0	162,277
University of Manchester	0	735,544
University of Newcastle upon Tyne	0	246,012
University of Nottingham	0	382,333
School of Oriental and African Studies	0	487,474
University of Oxford	0	192,200
Royal College of Art	0	21,762
University College London	0	447,610

*Price bands are follows:

- A** The clinical stages of medicine and dentistry courses and veterinary science
- B** Laboratory-based subjects (science, pre-clinical stages of medicine and dentistry, engineering and technology)
- C** Subjects with a studio, laboratory or fieldwork element
- D** All other subjects

Source: Hefce